

# REPORT

OF THE

## Railway Freight Structure

## Enquiry Committee

[1955-57]

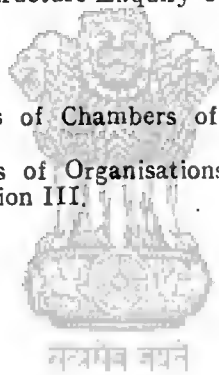
नन्दासिंह नयनं

VOLUME-II (Part-I)

[Replies to Questionnaires]

## CONTENTS

<i>Section.</i>	<i>Pages.</i>
I GENERAL ... ..	1—13
(i) Resolution of the Ministry of Railways—(Railway Board), appointing the Railway Freight Structure Enquiry Committee ... ..	1
(ii) Text of the Press Communiqué issued by the Ministry of Railways (Railway Board) ... ..	1 & 2
(iii) QUESTIONNAIRES ISSUED BY THE RAILWAY FREIGHT STRUC- TURE ENQUIRY COMMITTEE :	
PART I-A ... ..	3—6
„ I-B ... ..	6—11
„ II ... ..	11—13
„ III ... ..	13
II Replies from the Chambers of Commerce to the Questionnaires of the Railway Freight Structure Enquiry Committee ... ..	17—227
III Replies from Organisations other than Chambers of Commerce, to the Question- naires of the Railway Freight Structure Enquiry Committee ... ..	231—649
 APPENDIX-A	
(a) List of Names and Addresses of Chambers of Commerce referred to in Section II	i—vii
(b) List of Names and Addresses of Organisations other than Chambers of Commerce, referred to in Section III.	







ANANDA BODHINI PRESS,  
MADRAS-1.

सत्यमेव जयते

## APPENDIX 'A' (concl'd.)

S. No.	Name	Address	Page No.
104.	Indian Strawboard Manufacturers' Association,	State Bank Building, Burrabazar Branch, Calcutta-7	597
105.	The Indian Sugar Mills Association,	'India Exchange' Calcutta-1.	598
106.	Indian Tea Association,	Royal Exchange, Calcutta-1.	611
107.	The Indian Tea Planters' Association,	Post Box No. 74, Jalpaiguri.	615
108.	Indian Union Minerals Association,	4, Netaji Subhas Road Calcutta-1.	616
109.	Messrs. Macneill & Barry Ltd., (Managing Agents: Joint Steamer Companies),	2, Fairlie Place Calcutta-1.	617
110.	The Metal Box Company of India Ltd.,	Barlow House, Chowringhée, Calcutta-20.	623
111.	Paint Federation,	Royal Exchange Calcutta-1.	626
112.	Messrs. Sahu Jain Limited,	11, Clive Row, Calcutta-1.	628



सत्यमेव जयते

## APPENDIX 'A' (contd.)

S. No.	Name	Address.	Page No.
80.	Bengal Paper Mill Co., Ltd.,	21, Netaji Subhas Road, Calcutta-1.	487
81.	Beni Engineering Works Ltd.,	1, Crooked Lane, Calcutta-1.	488
82.	The Birla Jute Manufacturing Company Ltd.,	8, Royal Exchange place, Calcutta-1.	488
83.	Messrs. Burn & Co., Ltd.,	12, Mission Row, Calcutta-1.	492
84.	Calcutta Flour Mills Association,	Royal Exchange, Calcutta-1.	492
85.	Calcutta Grain, Oil-seed & Rice Association,	Royal Exchange, Post Box No. 280, Calcutta-1.	495
86.	Calcutta Kirana (Spices) Merchants' Association,	29, Armenian Street, (1st Floor), Calcutta-1.	497
87.	Calcutta Rice Mills Association,	P-11, Mission Row Extension, Calcutta-1.	499
88.	Calcutta Yarn Merchants' Association,	89, Cross Street, Calcutta-7.	499
89.	Coal Consumers Association of India,	India Exchange (7th Floor), Calcutta-1.	500
90.	Engineering Association of India,	India Exchange, Calcutta-1.	504
91.	Hindusthan - Pilkington Glass Works, Ltd.,	Hindusthan Buildings, 4, Chittaranjan Avenue, Calcutta-13.	511
92.	The Imperial Tobacco Co., of India Ltd.,	37, Chowringhee, Verginia House, Calcutta.	516
93.	Indian Chemical Manufacturers' Association,	India Exchange, 7th Floor, Calcutta-1.	520
94.	Indian Engineering Association,	Royal Exchange, Post Box 280 Calcutta-1.	528
95.	The Indian Iron & Steel Co., Ltd., (Burnpore Works),	12, Mission Row, Calcutta-1.	533
96.	The Indian Iron & Steel Co., Ltd., (Kulti Works),	12, Mission Row, Calcutta-1.	539
97.	Indian Mining Association,	Royal Exchange, Calcutta-1.	559
98.	Indian Mining Federation,	Royal Exchange, Post Box 280, Calcutta-1.	563
99.	Indian Non-ferrous Metals Manufacturers' Association,	'India Exchange' 8th Floor, Calcutta-1.	566
100.	Indian Paper Makers' Association,	Royal Exchange, Post Box 280, Calcutta.	580
101.	Indian Paper Mills Association,	'India Exchange' 8th Floor, Calcutta-1.	572
102.	Indian Produce Association,	402, Upper Chitpur Road, Calcutta-7	587
103.	Indian Rope Manufacturers' Association,	'India Exchange,' Calcutta-1	595

## APPENDIX 'A' (contd.)

S. No.	Name	Address	Page No.
<b>PEPSU</b>			
58.	The Bhupendra Flour Mills Ltd.,	Bhatinda.	437
59.	Patiala Flour Mills Co., Ltd.,	Patiala.	435
<b>PUNJAB</b>			
60.	Ludhiana Cycle Parts Suppliers' Association,	Millerganj, Ludhiana.	438
61.	Northern India Flour Mills Association,	Amritsar.	438
62.	Messrs. Rattan Chand Harjasrai (Plastics) Ltd.,	Guru Bazaar, Amritsar.	439
63.	The Textiles Manufacturers' Association,	Post Box No. 79, Queen's Road, Amritsar.	442
<b>RAJASTHAN</b>			
64.	Associated Stone Industries (Kotah) Ltd.,	Ramganjmandi.	449
65.	Jain Metal Works,	Nagaur, (Rajasthan).	448
66.	Marble Traders' Association,	Makrana (Rajasthan).	442
<b>SAURASHTRA</b>			
67.	The Parshuram Pottery Works, Ltd.,	Morvi	451
68.	Porbandar Industrial Association,	Porbandar.	453
69.	The Saurashtra Inland Salt Manufacturers' Association,	Dhrangadhra (Saurashtra).	449
<b>TRAVANCORE—COCHIN</b>			
70.	The Cochin State Tile Manufacturers' Association,	Manaly, Pudukad Post, (F.C. State).	457
71.	Laxmi Starch Factory Ltd.,	Kundara, (Travancore-Cochin), S. Rly.	456
<b>UTTAR PRADESH</b>			
72.	Electric Goods Manufacturers' Association,	Ashok Buildings, Near Ramlila Ground, Aligarh (U.P.).	460
73.	Ganges Flour Mills,	365, Harrisganj, Kanpur.	465
74.	J. K. Iron & Steel Co., Ltd.,	Kamala Tower, Kanpur.	465
75.	The Lucknow Merchants' Association,	Association Building, Park Gunge Nawab, Aminabad, Lucknow.	466
76.	The Upper India Couper Paper Mills Co., Ltd.,	Lucknow.	468
77.	U.P. Fruit Products Manufacturers' Association,	188, Rasulabad, Cavalry Lines, Allahabad.	460
<b>WEST BENGAL</b>			
78.	Bengal Glass Manufacturers' Association,	P-11, Mission Row Extension, Calcutta-1.	468
79.	Bengal Oil Mills Association,	156, Upper Circular Road, Calcutta-6.	482

## APPENDIX 'A' (contd.)

S. No.	Name.	Address.	Page No.
33.	All India Distillers' Association,	H-37, Connaught Circus, New Delhi-1.	370
<b>MADHYA BHARAT</b>			
34.	The Gwalior Rayon Silk Manufacturing (Wvg.) Co., Ltd.,	P. O. Birlagram, Nagda, (W. Railway).	374
35.	The Madhya Bharat Millowners' Association,	9, South Tokoganj, Indore.	373
36.	The Slate Pencil Supplying Agency,	Mandsaur, Madhya Bharat.	378
<b>MADHYA PRADESH</b>			
37.	M. P. Minerals Industry Association,	Nagpur.	378
<b>MADRAS</b>			
38.	Messrs. Burmah-Shell Oil Storage & Distributing Co., of India Ltd.,	Burmah-Shell House, Esplanade, Post Box No. 157, Madras-1.	381
39.	The Century Flour Mills Limited,	221, Govindappa Naick Street, Post Box No. 1558, Madras-1.	385
40.	The Commonwealth Trust Ltd.,	Calicut-1, (Malabar).	422
41.	Glaxo Laboratories (India) Ltd.,	Woods Road, Madras-2.	393
42.	The Mettur Chemical & Industrial Corporation Ltd.,	Mettur Dam, R. S. (Salem Dt.)	404
43.	The Madras Chillies Merchants' Association,	18, Chinnathambi Mudaly Street, Madras-1.	402
44.	The Madras Piece-goods Merchants' Association,	100, Godown Street, George Town, Madras-1.	394
45.	The Madras Provincial Foodgrains Merchants' Association,	40, Anderson Street, Madras-1.	403
46.	Madras Provincial Handloom Cloth Merchants' Association,	Post Box No. 1598, 65, Armenian Street, Madras-1.	393
47.	The Malabar Produce Merchants' Association,	Kozhikode-1.	423
48.	The Salt Manufacturers' & Merchants' Association,	Tuticorin, (S. India).	419
49.	The South India Flour Mills Ltd.,	49/52, North Beach Road, Madras-1.	399
50.	The South Indian Plywood Manufacturers Association,	Feroke, (S. Malabar).	420
51.	The Tamilnad Foodgrains Merchants' Association Ltd.,	7, Swami Sannadhi Lane, East Masi Street, Mathurai.	415
52.	Tax Payers' Association,	Virudhunagar.	414
53.	The United Planters' Association of Southern India,	Post Box No. 11, Coonoor (S. India).	419
54.	The West Coast Industrialists Association,	Empress Hotel Road, Kozhikode-1.	424
<b>MYSORE</b>			
55.	Bangalore Trades Association,	15-F, St. Mark's Road, Bangalore.	429
56.	The Mysore Iron & Steel Works,	Bhadravati (South India).	432
57.	The Mysore Starch Manufacturing Company,	K.G.F. Road, Bangarapet, Mysore.	425

## APPENDIX 'A' (contd)

S. No.	Name	Address.	Page No.
10.	The Bombay Hessian and Gunny Merchants' Association Ltd.,	67, Kazi Sayed Street, Bombay-3.	311
11.	The Bombay Oilseed Crushers' Association,	Scindia House, Post Box No. 409, Bombay-1.	308
12.	The Bombay Oilseeds Exchange Ltd.,	Jenabai Building, Musjid Bunder Road, Bombay-3.	307
13.	Bombay Salt Merchants' & Shilotries' Association,	583, Chira Bazaar, Bombay.	305
14.	The Bombay Sheep & Goat Merchants' Association,	Sojat Marwar (Rajasthan).	287
15.	The Bombay Shroff's Association Limited,	233, Shroff Bazaar, Bombay-2.	259
16.	The Co-operative Fruit Sale Societies and Fruit Growers Association,	East Khandesh, Bhusawal.	364
17.	The East India Cotton Association Limited,	Cotton Exchange, Marwari Bazaar, Bombay-2.	303
18.	The Federation of Gujarat Mills and Industries,	Vithal Nivas, Gendigate Road, Baroda-1.	357
19.	The Grain and Oilseeds Merchants' Association,	72/80, Masjid Bunder Road, Bombay-3.	273
20.	Gujarat Vepari Mahamandal,	Khanpur, Ahmedabad-1.	351
21.	Indian Machine Tool Manufacturers' Association,	Ewart House, Bruce Street, Fort, Bombay-1.	301
22.	The Indian National Steamship Owners Association,	Scindia House, Ballard Estate, Bombay.	298
23.	The Indian Road and Transport Development Association,	27, Bastion Road, Bombay-1.	295
24.	The Indian Salt Manufacturers' Association,	C/o Tata Chemicals Ltd., Bombay House, Bruce Street, Fort, Bombay.	292
25.	Maize Products Limited,	Post Bag No. 1072, Ahmedabad-2.	356
26.	The Millowners' Association,	Elphinstone Building, Veer Nariman Road, Post Box No. 95, Bombay-1.	253
27.	Oil Industry Supply Committee,	Burmah Shell House, Ballard Estate, Post Box 688, Bombay-1.	284
28.	Tata Chemicals Limited,	Bombay House, 24, Bruce Street, Fort, Bombay-1.	270
29.	The Vanaspati Manufacturers' Association of India,	India House, (5th Floor), Fort Street, Bombay-1.	280
30.	The Wallace Flour Mills,	9, Wallace Street, Fort, Bombay.	286
<b>DELHI</b>			
31.	The Atlas Cycle Industries Ltd.,	Sonepat, (Near Delhi)	372
32.	The D. C. M. Chemical Works,	P. O. Box No. 1211, Delhi.	368

(ii)

## APPENDIX 'A' (contd.)

S. No.	Name	Address.	Page No.
<b>MYSORE</b>			
18.	The Karnatak Chamber of Commerce,	Hubli, (Dist:-Dharwar).	136
19.	The Mysore Chamber of Commerce,	Kempegowda Road, Bangalore-1.	127
<b>RAJASTHAN</b>			
20.	Jaipur Chamber of Commerce,	Johri Bazaar, Jaipur City.	137
21.	Rajasthan Chamber of Commerce and Industry,	Johri Bazaar, Jaipur City.	136
<b>TRAVANCORE-COCHIN</b>			
22.	Chamber of Commerce,	Trichur.	138
<b>UTTAR PRADESH</b>			
23.	Upper India Chamber of Commerce,	Post Box No. 63, Kanpur.	138
<b>WEST BENGAL</b>			
24.	The Bengal Chamber of Commerce and Industry.	Post Box No. 280, Royal Exchange, Calcutta-1.	216
25.	Bengal National Chamber of Commerce,	P-11, Mission Row Extension, Calcutta 1.	144
26.	Bharat Chamber of Commerce,	State Bank Building, Burrabazar Branch, Calcutta-7.	162
27.	Indian Chamber of Commerce,	India Exchange, Calcutta-1.	181
<b>(b) ORGANISATIONS OTHER THAN CHAMBERS OF COMMERCE</b>			
<b>ANDHRA</b>			
1.	The Guntur District Lime Fruit Growers and Exporters Association,	Morrispet, Tenali, Guntur District.	231
<b>BHOPAL</b>			
2.	The Bhopal Sugar Industries Ltd.,	Sehore.	235
<b>BIHAR</b>			
3.	Indian Coal Merchants' Association,	P.O. Jharia, Manbhum.	236
<b>BOMBAY</b>			
4.	The Ahmedabad Millowners' Association,	Navrangpura Post Box No. 7, Ahmedabad-1.	318
5.	Alembic Chemical Works Company Limited,	Gorwa Road, Baroda-3.	360
6.	The All India Manufacturers' Association,	Industrial Assurance Building, Churchgate, Fort, Bombay-1.	312
7.	All India Non-ferrous Metalware Manufacturers' Association,	Liberty Building, Marine Lines, Bombay-1.	318
8.	All India Starch Manufacturers' Association,	12, Rampart Row, Bombay-1.	239
9.	Bharat Barrel & Drum Manufacturing Co., Ltd.,	95, Ferguson Road, Lower Parel, Bombay-13.	300

## APPENDIX 'A'

List showing names and addresses of Chambers of Commerce and Organisations other than Chambers of Commerce who sent replies to Questionnaires Part I (A & B) and Parts II & III issued by the Railway Freight Structure Enquiry Committee on 14th September, 1955 and 8th November, 1955 respectively.

S. No.	Name	Address.	Page No.
(a) CHAMBERS OF COMMERCE			
<b>ANDHRA</b>			
1.	Andhra Chamber of Commerce,	Andhra Chamber Building, 272-73, Angappa Naick Street, Madras-1.	17
<b>ASSAM</b>			
2.	Assam Chamber of Commerce,	Shillong (Assam)	22
3.	Darrang Chamber of Commerce,	Tezpur (Assam)	37
4.	Eastern Assam Chamber of Commerce,	Dibrugarh (Assam)	35
5.	National Chamber of Commerce,	Tinsukia (Assam)	30
<b>BIHAR</b>			
6.	The Bihar Chamber of Commerce,	Judge's Court Road, P.O. Box No. 71, Patna-1.	41
<b>BOMBAY</b>			
7.	Bombay Chamber of Commerce,	Mackinnon Mackenzie Building, Ballard Estate, P.O. Box No. 473, Bombay-1.	48
8.	The Indian Merchants' Chamber,	Lalji Haranji Memorial Indian Merchants' Chamber Building, 76, Veer Nariman Road, Churchgate, Bombay-1.	51
<b>DELHI</b>			
9.	Federation of Indian Chambers of Commerce and Industry,	28, Ferozshah Road, New Delhi-1.	69
10.	Punjab and Delhi Chamber of Commerce,	Scindia House, Curzon Road, P.O. Box No. 130, New Delhi-1,	100
<b>MADRAS</b>			
11.	Indian Chamber of Commerce,	Indian Chamber Buildings, Tuticorin, (S. India).	118
12.	The Kanara Chamber of Commerce,	P.O. Box No. 116, Bunder, Mangalore.	126
13.	The Malabar Chamber of Commerce,	Kozhikode (Ex-Calicut).	115
14.	The Southern India Chamber of Commerce,	P.O. Box No. 1208, "Indian Chamber Buildings", Esplanade, Madras-1.	105
15.	The Tamil Chamber of Commerce,	310/311, Linghi Chetty Street, Madras-1.	112
16.	Tuticorin Chamber of Commerce,	Sonth Beach Road, Tuticorin, (S. India).	122
17.	The Virudhunagar Chamber of Commerce, Ltd.,	Virudhunagar.	123



# SECTION I

## GENERAL

### RESOLUTION NO. 6899-TC DATED 29TH JUNE, 1955 OF MINISTRY OF RAILWAYS (RAILWAY BOARD)

No. 6899-TC. The present freight rates structure for transport by goods trains which has been in force from 1st October 1948, was evolved as a result of detailed investigations conducted by a departmental committee during the years 1945 to 1948. Since then, however, far reaching changes have taken place in the economic activity in the country and big changes are envisaged in the Second Five-Year Plan. The development of railway facilities will also be considerable and, in consequence, the working expenses of the railways and the dividend payable to the General Revenues will appreciably increase.

The public opinion in general seems to favour a fresh examination of the freight structure.

The Government of India agree with this view and, as announced by the Railway Minister during the recent Budget discussions, have decided to appoint a Committee to review the existing freight structure for transport by goods trains in all its aspects in the light of the present developmental economy and to give ample opportunity to the interests concerned to explain their point of view.

2. It has also been deemed advisable to entrust the Committee with an enquiry into the liability of Railways as carriers of goods, likely effect of any changes proposed in the existing law on the claims position and consequent adjustments required in freight rates, to meet any additional commitments.

3. Linked is the question of the constitution, jurisdiction and procedural rules of the Railway Rates Tribunal, and the Government are of the view that these also can advantageously be reviewed by this Committee.

4. Accordingly, the terms of reference of the Committee will be—

(i) To review the present railway freight rates structure in all its aspects and to suggest what modifications should be made, bearing in mind the needs of a development economy and the necessity for maintaining the financial stability of the Railways;

(ii) To examine whether the statutory provisions dealing with the responsibility of Railways as carriers need any, and if so, what modification; and in the light of modification proposed whether any adjustment in freight rates is warranted;

(iii) To examine what changes, if any, are needed in the existing constitution, jurisdiction and rules of procedure of the Railway Rates Tribunal, so that the Tribunal might be a more effective and expeditious instrument for adjudication of Railway freight matters at a reasonable cost to the litigant; and

(iv) To make recommendations.

5. The Committee will consist of—

Dr. A. Ramaswamy Mudaliar, M.P.	...	...	Chairman.
Shri T. N. Singh, M.P.	...	}	Members.
Shri D. K. Barooah, M.P.	...		
Shri I. S. Puri, Ex. Financial Commissioner for Railways.	...		
Shri V. P. Bhandarkar, Ex. Member, Transportation, Railway Board.	...		
Shri L. K. Jha, Joint Secretary, Ministry of Commerce and Industry.	...		
Shri A. K. Basu, General Manager, Eastern Railway.	...	}	Secretary.
Shri G. S. A. Saldanha	...		

Text of the Press Communique issued by the Ministry of Railways, (Railway Board)  
on 17th June 1955.

### RAILWAY FREIGHT STRUCTURE COMMITTEE SET UP-REVIEW IN LIGHT OF DEVELOPMENTAL ECONOMY- PERSONNEL AND TERMS OF REFERENCE ANNOUNCED

The present freight rates structure for transport by goods trains which has been in force from October 1, 1948, was evolved as a result of detailed investigations conducted by a departmental committee during the years 1945 to 1948. Since then, however, far reaching changes have taken place in the economic activity in the country and big changes are envisaged in the Second Five Year Plan. The development of Railway facilities will also be considerable, and, in consequence the working expenses of the Railways and the dividend payable to the

General Revenues will appreciably increase.

Public opinion in general seems to favour a fresh examination of the freight structure. The Government of India agree with this view and, as announced by the Railway Minister during the recent Budget discussions, have decided to appoint a committee to review the existing freight structure for transport by goods trains in all its aspects in the light of a developmental economy, and to give ample opportunity to the

interests concerned to explain their point of view.

It has also been deemed advisable to entrust the committee with an enquiry into the liability of Railways as carriers of goods, likely effect of any changes proposed in the existing law on the claims position and con-

sequent adjustments required in freight rates, to meet any additional commitments.

Linked is the question of the constitution, jurisdiction and procedural rules of the Railway Rates Tribunal, and the Government are of the view that these also can advantageously be reviewed by this committee.

#### COMMITTEE'S PERSONNEL

Shri A. Ramaswamy Mudaliar, M.P., will be the Committee's Chairman, and its members will be: Shri T. N. Singh, M.P., Shri D. K. Barooah, M.P., Shri L. S. Puri, ex-Financial Commissioner for Railways, Shri V. P. Bhandarkar, ex-Member, Transportation, Railway Board, Shri L. K. Jha, Joint Secretary, Ministry of Commerce and Industry, and Shri A. K. Basu, General Manager, Eastern Railway.

The terms of reference of the Committee will be:—

- (i) To review the present railway freight rates structure in all its aspects and to suggest what modifications should be made, bearing in mind the needs of a developmental economy and the necessity for maintaining the financial stability of the Railways;
- (ii) To examine whether the statutory provisions dealing with the responsibility of railways as carriers need any, and if so, what modification, and in the light of the modification proposed, whether any adjustment in freight rates is warranted; and
- (iii) To examine what changes, if any, are needed in the existing constitution, jurisdiction and rules of procedure of the Railway Rates Tribunal, so that the Tribunal might be a more effective and expeditious instrument for adjudication of Railway freight matters at a reasonable cost to the litigant.

The Committee will be expected to make recommendations on the above matters.

With reference to item (i), while it is not intended to burden the Committee with the cumbersome task of going into the classification of individual items unless interests concerned allege anomalies and ask for adjustment, the Committee will be expected to review generally the principles of classification, suggest such changes in the overall structure as may be considered necessary in view of the developments which have taken place and are expected in the field of trade, commerce and industry and to suggest appropriate methods for dealing with such questions as may arise later in regard to classification.

Copy of letter No. QR/CH dated 14-9-55 from the Secretary Railway Freight Structure Enquiry Committee to the various Chambers of Commerce, Trade Associations, Universities, Ministries of Government of India, State Governments, Railway Administrations, Port Trusts & Individuals, enclosing a copy of the Questionnaire of the Committee,

I am directed to invite your attention to the Government of India, Ministry of Railways' Resolution No. 6899-TC dated 29th June, 1955, appointing the Railway Freight

Structure Enquiry Committee under the Chairmanship of Dr. A. Ramaswamy Mudaliar, M.P. with the following terms of reference:

- (i) To review the present railway freight rates structure in all its aspects and to suggest what modifications should be made, bearing in mind the needs of a development economy and the necessity for maintaining the financial stability of the Railways;
- (ii) To examine whether the statutory provisions dealing with the responsibility of railways as carriers need any, and if so, what modification; and in the light of the modification proposed, whether any adjustment in freight rates is warranted;
- (iii) To examine what changes, if any, are needed in the existing constitution, jurisdiction and rules of procedure of the Railway Rates Tribunal, so that the Tribunal might be a more effective and expeditious instrument for adjudication of railway freight matters at a reasonable cost to the litigant; and
- (iv) To make recommendations.

2. The Committee have no doubt that, in conducting their investigations, they will receive from your Chamber/Association full assistance and co-operation, which they earnestly seek.

3. I am to enclose a copy of the questionnaire, in two parts—A & B, on the first item of the terms of reference. The questionnaire on the other two items will follow.

4. The Committee will be thankful for the general views of your Chamber/Association and also for as much detailed information as possible on the different points included in the questionnaire and on any cognate matters not specifically covered by it.

5. I am to request that the written replies to the questionnaire be sent to the Committee not later than the 15th of November, 1955.

6. The Committee will visit important centres in the country to record oral evidence, where necessary, from witnesses in amplification or clarification of the written replies sent by them to the questionnaire. In case your Chamber/Association desire a representative or representatives to be examined, will you please indicate accordingly?

7. To enable the constituent members of your Chamber/Association and various interests represented on it to supply the requisite particulars about their industries and business,—extra copies of the questionnaire are being mailed to you separately.

8. I am to request an acknowledgment of this letter.

**QUESTIONNAIRE OF THE RAILWAY FREIGHT STRUCTURE ENQUIRY COMMITTEE ISSUED  
ON 14TH SEPTEMBER 1955**

**PART I-A**

1. (a) What, in your view, has been the effect on industry and trade generally, or on any particular section of industry and trade, of the adoption in 1948 of the revised general classification of goods?

(b) Has the adoption in 1948 of the principle of telescopic rates on the continuous mileage over the different railways, been helpful to industry and trade generally?

Are there any instances where this principle has acted adversely to the interest of any particular industry or trade?

(c) In particular, has the revised freight structure had any effect on short haul and medium haul traffic; if so, how and to what extent?

Please illustrate your answers by giving specific instances where the volume and the distance of movement of traffic have been substantially affected by the changes brought about by the revision of the freight structure in 1948.

2. (a) Do the present rating arrangements permit of sufficient flexibility to meet the legitimate needs of industries in regard to the movement of raw materials and finished products?

(b) To what extent do Railway Administrations exercise the discretion permitted to them under present rating arrangements to meet the legitimate needs of industries?

3. (i) Is the number of class rates and wagon-load scales at present prescribed adequate and are the different class rates and wagon-load scales appropriate in relation to one another; if not, what modifications do you suggest?

(ii) (a) Are the number of 'legs' and the distance range in each 'leg' in each of the class rates and wagon-load scales suited to the needs of traffic?

(b) Also, is the rate per mile under each 'leg' appropriate in itself and in relation to the other 'legs'; if not, what modifications do you suggest?

Please indicate the financial effect of any modifications that you may suggest in answer to Questions 3(i) and (ii) above.

Please see the explanatory note in Annexure I.

4. Under the present freight structure, (Please see Annexure I), a maximum rate has been fixed for each class rate, for 2 of the wagon-load scales out of 13 and for the coal scale. This implies that beyond a distance of about 1,500 miles, no charge is made for the transport of commodities covered by them. Should this practice remain as at present and be extended to all wagon-load scales, or should it be discontinued, so that the traffic which is now carried free beyond this distance may be appropriately charged?

5. What is your opinion about the principle of levy of a separate—

(i) terminal charge;

(ii) 'short distance' charge for haulage of less than 75 miles;

(iii) transshipment charge for break of gauge;

in addition to the conveyance charge?

Apart from the principles involved, have you any suggestions regarding the quantum of these charges?

If any change is recommended in the principle or a reduction in the quantum of charge, have you any suggestions to make as to how the loss of revenue incurred thereby can be recouped by the Railways?

Please see explanatory note in Annexure II.

6. Having regard to the long distances over which some of the traffic has to move in this country, would you recommend that the distance unit for charge should be raised from the present limit of one mile; if so, what would you suggest as the unit?

7. In your opinion, is there any case for altering the existing minimum distance for charge of 20 miles for goods traffic?

8. On some railways, freight on liquid commodities moving in tank wagons includes the charge for haulage of empty tank wagons to the loading stations, while on others such a charge is not made. Would you advocate the abolition of the empty haulage charge or the extension of this principle to all railways?

9. A number of commodities have been grouped together in the existing classification of goods having regard to the characteristics of the commodities concerned in relation to their transportation conditions and their prices. Have you any objection to this method of classification of goods or to the grouping of particular commodities?

(Examples of such grouping are shown in Annexure III).

10. Are you satisfied with the classification of goods as at present; if not, have you any comments to offer for modification by way of reclassifying the commodities, having regard to their transportation characteristics, and their prices, either within the framework of the present classification or by increasing or decreasing the number of classes?

11. Have you any suggestions to make regarding the proper relationship between rates for traffic moving in 'smalls' and in wagon loads?

12. Does the present uniform rate of minimum charge for consignments in wagon loads at Rs. 1-12-0 per ton on the carrying capacity need any revision; if so, in what direction? Would you advocate the charge varying with the class of commodities carried?

13. (a) Does the present uniform rate of minimum charge at Re. 1/- per consignments for 'smalls' need any revision; if so, in what direction?

(b) Should such minimum charge vary with the class of commodities also?

14. The minimum weight for a 'smalls' consignment carried by goods trains is 7 seers. It has been suggested that this involves duplication of services both by goods and parcels trains and results in wasteful operation, and that this could be reduced by raising the minimum weight for 'smalls' carried by goods trains. Do you agree to this proposal and, if so, what is the minimum weight that you would suggest?

15. It has been suggested that for 'smalls' traffic carried by goods trains, all commodities up to a maximum weight per consignment be placed in one class. What is your view on this suggestion and, if you agree, what is the maximum weight which you would advocate?

16. Do you consider it appropriate to ensure better utilisation of transportation capacity available from time to time by resorting to the following expedients—

- (i) Revising in the upward direction the existing 'W' condition, i.e., the minimum weight condition for qualifying for a wagon-load rate;
- (ii) Adopting the present class rate for wagon-loads only, where wagon-load scales are not quoted at present and levying an extra charge for movement in 'smalls';
- (iii) Quoting a reduction in the freight rates for quantities loaded beyond the minimum weights per wagon ('W' conditions) fixed for the different commodities, so as to encourage loading up to the fullest extent the wagon actually supplied can hold.

What are your views in regard to these suggestions and have you any other suggestions to make in the matter?

Please see explanatory note in Annexure IV.

17. Do you consider it feasible or desirable to have 'train load rates' as a feature of the railway freight structure in addition to the existing three types of freight rates; if so, what advantage do you anticipate for trade or railways from the introduction of train load rates? What safeguards would you suggest to prevent the system from causing hardship to any of the interests concerned?

18. It has been suggested that, for special express goods services, there should be an additional charge; what are your views thereon?

19. Have you any suggestions to make regarding the conditions under which railways supply cranes for loading and unloading heavy consignments and the rates at which such services are charged?

20. Have you any suggestions to make in regard to the rates for live-stock and animals and conditions applying thereto?

21. It has been stated that the overall charge for 'short distance' is generally unremunerative.

(a) Would you suggest that railways should not carry such traffic where there are alternative modes of transport available; if so, up to what mileage should such traffic be considered as 'short distance' traffic?

(b) Should freight rates on short distance traffic be so adjusted that such traffic may generally be carried by alternative means of inland transport, particularly road transport or inland waterways?

(c) Would similar adjustment of freight rates be also desirable on long distance traffic where the commodities could be carried by coastal shipping in order to remove the strain on railways?

22. How do the freight rates for short distances compare with the corresponding freight rates by road or inland waterways?

23. Some commodities, which are essentially needed in different parts of the country, have to bear disproportionately high freight charges owing to their transport over long distances. In regard to these particular commodities, it has been suggested that a freight pool may be created so as to keep fairly uniform the freight rates irrespective of distance. Do you advocate such a freight pool being formed in regard to a limited number of commodities; if so, what are the commodities which you consider may be operated through a freight pool either on an all-India basis or on a zonal basis?

If the suggestion of a freight pool is accepted, would you advocate the exclusion from it of traffic moving over a minimum distance?

In particular, would you support a freight pool for coal, iron and steel, kerosene oil, petrol, cement, chemical manures and salt?

24. The main centre of consumption of raw jute being Calcutta, it has been stated that the import of raw jute into Calcutta involves less price to the cultivator as freight charges increase, with the result that, beyond a limited radius of Calcutta, it becomes uneconomical to grow jute. Would you advocate a uniform pooled freight on all raw jute brought to Calcutta?

25. If you advocate a pooled freight on any or all the commodities mentioned in questions 23 and 24, have you any suggestions to make as to who should work the freight pool—the railways or the industry concerned or an appropriate Government agency?

26. The First Five-Year Plan has resulted in certain agricultural and industrial developments in the country, and the Second Five-Year Plan contemplates a more rapid development in both these directions. In view of these developments achieved and contemplated, would you suggest any revision or modification of the present freight structure to further the economic progress of the country?

27. The Railway Board have permitted Railways to waive the 'short distance' charge, either in full or in part, for large scale regular movements of industrial raw materials where it is justified by commercial reasons. Please give a list of cases in which

requests for such waiver were acceded to and also a list where such requests were turned down during the three years ending 1954-55 and indicate briefly the reasons in either case.

28. Since 1948, have there been many requests from the public for quotation of station-to-station rates, or for reduction of rates for particular commodities; to what extent were these requests met by the railways concerned?

Please give instances of requests that have been made, and where such requests have not been granted, the reasons if any, given by the railways.

29. The revision of the freight structure in 1948 involved the adoption of the principle of telescopic rate on the continuous mileage over the different railways and the abolition of a number of station-to-station rates. Has the effect of this been favourable or unfavourable to (i) industrial development and (ii) trade generally, and (iii) the particular trade or industry with which you are connected? If, in your opinion, there has been any adverse effect, what remedial measures would you suggest?

30. It has been suggested that station-to-station rates should be revived on a large scale so as to foster the development of new industries and to assist export trade. How far do you agree with this suggestion and what restrictions would you place having regard to the economics of transportation?

31. It has been suggested that the railway freight rate policy should not be based only on considerations of the economics of transportation and the needs of railway finance. What other objectives may be taken into consideration and to what extent should the Railways' freight rate policy be adjusted for the purpose and under what conditions and subject to what safeguards?

32. Should the railway freight structure be utilised to assist the development of particular industries or other interests?

33. It has been suggested that the Railway Administrations also may render some assistance to the establishment and development of new industries and that, in the fixation of freight rates, a distinction may be made between the requirements of industries already established and those newly planned. Would you advocate any such distinction; if so, for which industries, for what period and subject to what limitations?

Would you advocate, for the same reasons, special consideration being shown for the economic development of under-developed areas?

34. The high level of cost of materials and labour has the effect of rendering unremunerative many of the new lines required to be constructed in under-developed areas. It has been stated that with a view to accelerating the pace of construction of such lines, charges may be recovered "on the basis of inflated mileage for a limited period so that the projects may not be financially burdensome". Have you any comments to make in the matter?

35. What freight policy would, in your opinion, be best suited to achieve the double objective of—

- (1) facilitating the economic and industrial development of the country, and
- (2) securing adequate revenue for meeting increases in maintenance and operation costs due to the investment of large capital both in the construction of new railway mileage and in the provision of rolling-stock and other facilities?

36. What services should the railways finance out of their revenues without resorting to borrowing or drawing on reserves, i.e., what charges should railways be expected to meet out of their current revenues for ensuring the progressive improvement in the standard of railway services?

37. In the Second Five-Year Plan, emphasis is laid on the development of village and cottage industries. Should the railway freight structure be utilised to assist the development of these industries and other similar interests? If assistance is to be given to them, have you any suggestions to make as to how far the railways can help either through modification of freight rates or packing conditions or by special grouping of commodities for purposes of rating, or in any other ways?

38. To what extent does the general policy of Government to control or fix ceilings for the prices of particular commodities affect the charging of freight rates for such commodities or their raw materials in accordance with the normal principles which the railways follow?

39. It has been alleged that, under the present freight structure, certain commodities are carried at rates below the cost of transport. Would you state what those commodities are? If the allegation is correct, do you suggest that economic rates should be charged on such commodities, or do you consider that there should be a level beyond which these rates be not increased irrespective of the cost of transport?

40. It has been stated that, during the next five years, the railway transport capacity will have to be increased very substantially. This increased capacity will be absorbed mainly by 'low rated' traffic like coal, ores, limestones, pig iron, grains and pulses, chemical manures, cement, oilseeds, agricultural implements, billets and blooms, motor tractors, iron and steel and machinery. There may also be some increases in certain 'high rated' commodities like jute raw and manufactured, tea, cotton and cotton piece-goods, petrol and petroleum products. It is stated that the cost of haulage of additional traffic of this magnitude will not be less than the average cost of haulage at present incurred by the railways. This additional traffic, on the other hand, will involve the railways in increased expenditure from current revenues on improvements to goods sheds and other development works necessitated by the increase in traffic. This additional expenditure will be further enhanced by increased appropriation to the Development Fund and to the General Revenues consequent on the additional capital invested. If this is a



fair picture, have you any suggestions to make to meet the situation having regard to the need for maintaining the financial stability of the railways?

41. Should fluctuations in the competitive conditions in the export market be taken into consideration in adjusting railway freight rates for commodities which are mainly exportable and, if so, should the adjustment be flexible in both directions, or would you attach more importance to stable rates prevailing irrespective of these varying factors?

42. In the post-war period, has there been any change in the pattern of traffic, viz., in the quantum, direction and range of movements of commodities?

43. To what extent and in what manner has the freight rates policy adopted in 1948 influenced (1) the location and pace of development of industry and (2) the furtherance of trade?

44. In the industries with which you are connected, are the prices quoted F. O. R. destination, or F. O. R. forwarding station or either, according to circumstances?

- (a) If they are quoted F. O. R. destination, please supply figures showing the selling prices and the freight separately.
- (b) If they are quoted F. O. R. forwarding station, please give the average distance a product is hauled and the proportion which the railway freight generally bears to the selling price at the forwarding station.
- (c) Are there many cases where the difference between the selling price at the point of receipt is substantially greater than could be accounted for by the actual freight charged?
- (d) What were the relative figures or proportions in (a) and (b) before the last war, i.e., in 1938-39, in 1947-48, and in 1948-49, i.e., after the revision of the goods freight structure in 1948?

45. What is the element of railway freight on the various direct requirements of an agriculturist such as chemical manure, diesel oil, seeds &c., and how does it bear upon the cost of production of more important food crops and commercial crops?

46. As a result of the various developments in industry and agriculture, achieved or planned, what changes have occurred or are likely to occur in the movement of agricultural produce in your area? Will you please give the information in reference to commodities of importance in your area?

47. It has been stated that the small agriculturist has difficulty in disposing of his produce quickly by rail as he cannot usually avail of the benefit of the low rates applying to wagon-load quantities. Have you any suggestions to make for affording facilities to him by—

- (i) adjustment of railway freight rates, and/or
- (ii) providing warehouses for temporary storage of his produce through the agency of co-operative bodies,

private interests or the railways themselves, with a view to convenient and quick clubbing of 'smalls' consignments into wagon-loads?

48. Will you please indicate the nature and extent of industrial development in the **private** sector envisaged during the Second Plan Period in your region?

49. To what extent are the volume and lengths of movement of existing traffic likely to be affected by the development visualised in the **private** sector during the Second Plan Period in your region?

50. Please give an estimate of the quantum of new traffic in the principal commodities, with their approximate lengths of movements, likely to result from the increased activities in the **private** sector during the Second Plan Period in your region.

51. Please indicate the nature and extent of industrial expansion in the **public** sector envisaged during the Second Plan Period in your region.

52. To what extent are the volume and lengths of movement of existing traffic likely to be affected by the development visualised in the **public** sector during the Second Plan Period in your region?

53. Please give an estimate of the quantum of new traffic in the principal commodities, with their approximate lengths of movement, likely to result from the increased activities in the **public** sector during the Second Plan Period in your region.

54. Have you any suggestions to make as to the basic principles to be followed in framing the railway freight structure generally?

55. Apart from your answers to the above questions, have you any suggestions to make about any other aspect of the present freight structure, including its simplification?

#### SUPPLEMENTARY QUESTION TO PART I-A

16(A). Have you any comments or suggestions in regard to wagon load conditions generally and in particular in regard to—

- (i) the existing minimum weight conditions applicable to different commodities in the light of their comparative weights with reference to volume (e.g. Bran and Reinforced concrete have the same minimum weight conditions); and
- (ii) the varying ratios between the minimum weight for wagons on different gauges for different commodities.

#### PART I-B

1. Will you please supply information as indicated in Annexure V, so far as you are concerned, for the principal manufacturing industries, such as, for example, (a) iron and steel, (b) cotton textiles, (c) jute, manufactured, (d) edible oils (groundnut oil, mustard oil, gingelly oil, cocoanut oil, &c.), (e) hydrogenated oil (Vanaspathi), (f) paper, also cardboard, &c., (g) plywood, (h) colours and dyes, (i) paints and varnishes, (j) aluminium sheets and ingots, (k) cement, (l) rubber goods (tyres, tubes, mats &c.), (m) glassware, (n) enamelled ware, (o) machinery,

(p) tobacco, manufactured (cigarettes, &c.), (q) footwear and leather goods, (r) soap, (s) acids and other chemicals, (t) salt, (u) tea, (v) sugar, &c., &c.?

2. Will you please supply information as indicated in Annexure VI for petrol, kerosene and other important petroleum products?

3. Will you please supply the information as indicated in Annexure VII, so far as your area is concerned, in respect of (a) the principal grades of coal and coke, and other

products of mines such as, for example (b) mica, (c) manganese ore, (d) iron ore, (e) bauxite, (f) chrome ore, &c., &c.?

4. Will you please supply information as indicated in Annexure VIII in respect of the important agricultural produce in your area such as, for example, (a) wheat, (b) rice, (c) bajree, (d) javari, (e) barley, (f) maize (Indian corn), (g) gram, (h) other pulses, (i) mustard, (j) gingelly, (k) groundnut, (l) linseed, **as also** (m) jute, raw, (n) tobacco, &c., &c.?

#### ANNEXURE I

The following are the bases of the standard telescopic class rates which are applicable on continuous mileage over the different Railways; the minimum rates per maund, and the Standard Telescopic wagon-load scales—

Class	Basis of telescopic class rates			Maximum rate per maund exclusive of terminals, transshipment and other extra charges which should be added
	Pie per maund per mile			
	For the first 300 miles	Plus for the next 300 miles	Plus for distances beyond	
1st	·54	·45	·34	Rs. a. p.
2nd	·59	·49	·38	3 3 0
3rd	·64	·54	·42	3 8 0
4th	·69	·58	·46	3 13 0
5th	·75	·63	·49	4 3 0
6th	·80	·68	·54	4 8 0
7th	·86	·73	·58	4 14 0
8th	·92	·78	·62	5 4 0
9th	·99	·84	·66	5 9 0
10th	1·07	·90	·71	6 0 0
11th	1·14	·97	·76	6 7 0
12th	1·22	1·04	·82	6 14 0
13th	1·30	1·11	·88	7 6 0
14th	1·55	1·18	·94	7 15 0
15th	2·32	1·41	1·0	8 11 0
				10 9 0

Wagon-load scale	Basis of standard telescopic wagon-load scales			Maximum rate per maund exclusive of terminals, transshipment and other extra charges which should be added		
	Pie per maund per mile					
				Rs.	a.	p.
W.L/A	·25/100 miles plus	·20/300 miles plus	·15 for distances beyond		...	
W.L/AR	·30/100 "	·25/300 "	·20 "		...	
W.L/B	·48/100 "	·32/300 "	·23 "		...	
W.L/BR	·48/100 "	·30/300 "	·20 "	1	14	0
W.L/C	·34/150 "	·31/150 "	·17 "		...	
W.L/CQ	·36/150 "	·33/150 "	·18 "		...	
W.L/CR	·41/150 "	·38/150 "	·24 "		...	
W.L/D	·38/300 "	·26/300 "	·17 "	1	13	0
W.L/E.	·43/300 "	·21/300 "	·15 "		...	
W.L/F	·43/300 "	·32/300 "	·21 "		...	
W.L/G	·48/300 "	·26/300 "	·19 "		...	
W.L/H	·48/300 "	·35/300 "	·23 "		...	
W.L/I	·43/300 "	·20/300 "	·15 "		...	

## ANNEXURE I—(Contd.)

Coal, all varieties, coke—hard and soft, patent fuel and coal shale and lignite are charged on the same basis of charge as shown below—

## (1) At owner's Risk—

	Pie per maund per mile
1 to 200 miles	... '30
plus 201 to 400 miles	... '10
plus 401 to 1,000 miles	... '08
plus for all distances beyond	'07

(2) At Railway Risk.—The rate per maund is 20 per cent. higher than the Owner's Risk rate, exclusive of terminal, transshipment and other extra charges except for traffic in bulk involving transshipment en route due to break of gauge or ferry for which Class I rate only is chargeable.

The rates per ton for coal, coke and patent fuel are subject to the maximum of Rs. 23-2-0 per ton for 1,486 miles and upwards.

The conditions of carriage are contained in Chapter II page 36, &c. of the I. R. C. A. Goods Tariff No. 29 of 1954.

## ANNEXURE II

The following terminal, transshipment and short distance charges are levied in addition to the conveyance charge based on mileage of haul.

## A. Terminal—I. For General Merchandise—

- (a) Where the railway is required to do the loading and unloading. 8 pies per maund at each end.
- (b) Where the owners are required to do the loading or unloading or where at the option of the Railway they are permitted to do so under special arrangement. 6 pies per maund at each end.

- (c) When booked in wagon loads between points within the same station area. 8 annas per ton at each end.

## II. For Coal—

- (a) When not in wagon loads. 8 pies per maund at each end.
- (b) When in wagon loads ... 8 annas per ton at each end.

## B. Transshipment—I. For General Merchandise—

- (a) On all goods booked as 'smalls' and on goods in wagon loads to which the minimum weight conditions W/- and C/- apply. 3 pies per maund.
- (b) On all goods moving in bulk and booked in wagon loads to which the weight condition 'C.C.' applies (i.e., freight is reckoned on the carrying capacity of wagons). 2 pies per maund.

## 2. For Coal—

- (a) When not in wagon loads. 8 pies per maund.
- (b) When in wagon loads. 5 annas per ton.

## C. Short distance charge—I. For General Merchandise—

Where the aggregate distance for charge is less than 75 miles. 6 pies per maund.

## 2. For Coal—

No short distance charge is leviable.

## ANNEXURE III

The following are a few examples of the grouping of commodities in the General Classification of goods under a common head, referred to in item 9 of the Questionnaire. These examples are extracted from the General Classification of Goods at page 62 *et seq* of the IRCA Goods Tariff No. 29 of 1954. This list is not complete—only illustrative—

Common head	Some of the commodities included under the common head	Classification in smalls and wagon loads
Coal	... Coal all varieties—Hard coke, Soft coke, Coal shale, Patent fuel, Lignite.	1 R. R.
Grain and pulses	... Bajree Barley, Maize, Dhall, Gram, Paddy, Rice, Wheat, &c.	1 R. R. WL/D.
Seeds, common	... Grass, Hemp, Jute, Tamarind, Ajwan seeds, N.O.C., Coriander, Soapnut seeds.	1 R. R. WL/F.
Oilseeds	... Castor, Cotton, Flax, Groundnuts without shells, Linseed, Mustard, Poppy, Tobacco seeds.	4 R. R. WL/H.
Iron & Steel.—Div. B	... Corrugated sheets. Fabricated steel works. Rails and Girders.  Hoop Iron. Rods, Sheets, Sleepers, Channels, Flat iron. Pipes.	4 R. R. 3 R. R.



## ANNEXURE III—(Contd.)

Common head	Some of the commodities included under the common head	Classification in smalls and wagon loads
Ores	Iron, Manganese, Chrome, Bauxite	1 R. R. WL/C; O.R. WL/CR; R.R.
Refractory bricks	Fire Bricks, Magnesite Bricks, Silica Bricks	1 R. R. WL/F; R.R.
Oils-Division D	Gingelly oil, Groundnut oil, Linseed oil, Kardi seed oil, Castor oil Cotton seed oil.	4 R.R. 3 O.R.
Machinery other than electrical.	Boilers, Cranes, Engines, Grass presses, Indigo presses and Printing presses,	6 R.R. 4 O.R.

## ANNEXURE IV

## Explanatory Note

When a consignment is offered in quantities for which a full wagon is not necessary it is called a 'smalls' consignment as distinguished from a wagon-load consignment:

When a 'smalls' consignment is booked, the Railway Receipt is issued without waiting for its loading in a wagon. It is the Railway's business to collect together several 'smalls' consignments and load them in a wagon on their own. For a wagon-load consignment, however, the Railway Receipt is issued after the wagon has been actually allotted and loaded either by the consignor or the Railway, as the case may be.

The General Classification of Goods shows the appropriate classified rate for charge for each commodity. It also shows lower wagon-load scales of charges for certain commodities as ordinarily move in wagon-load quantities. For getting the benefit of the lower wagon-load rates, the quantity to be offered for despatch must not be less than the standard minimum weight fixed for the commodity in question. For instance, for Grains and Pulses, the minimum weight is W/500 BG and W/300 MG. This means that at least 500 maunds must be tendered for despatch per Broad Gauge wagon and 300 maunds per Metre Gauge wagon if the benefit of the lower rate is to accrue. The existing standard minima weights are shown in Appendix 'G', Page 330 of the I. R. C. A. Goods Tariff No. 29.

As the minimum weight per wagon for a commodity has to be fixed in consideration of the quantity of it that can **ordinarily** be loaded in a wagon of **average** capacity, there may often be cases, depending on the type of wagon actually supplied, where it is possible to load more than the minimum weight fixed. During periods of acute shortage, merchants generally make an endeavour to load to the maximum extent the wagon can hold, exceeding the minimum weight fixed and pay freight on the basis of weight actually loaded. When wagon shortage is less acute, the tendency is to load wagons only up to the minimum weight fixed for a commodity, apparently for the reason that orders are placed for supply of commodities on the basis of the minimum weight fixed for commodities. In the interest of making the fullest use of available transport capacity, it will be desirable to

have all wagons loaded fully to the extent they can hold.

For commodities for which no wagon-load rate has been fixed, the ordinary class rates apply whether the consignments are offered as 'smalls' or as wagon-loads. It, however, helps railway operation if traffic is offered in wagon-loads, as in clearing 'smalls' traffic, railways are not able to utilise a portion of the carrying capacity of the wagon used. To encourage movement in wagon-loads, a suggestion has been made that in the case of commodities for which no wagon-load scale of charges has been provided, the present classification may apply to quantities in wagon-loads only, and for this purpose, suitable minima weights per wagon-load for each commodity may be fixed. For consignments in these commodities moving as 'smalls', a small additional charge is proposed to be levied with the object of discouraging 'smalls' movement and encouraging 'smalls' being clubbed together and offered for despatch in wagon-loads.

## ANNEXURE V

## Industries

1. Will you please indicate the weights of principal raw materials and fuel (coal) required to produce a stated weight of finished goods?

2. Will you please indicate the total production of the finished goods during 1938-39, 1947-48, 1952-53, 1953-54 and 1954-55?

3. What has generally been the effect of revision of the freight structure in 1948 on the particular industry? Has there been any change in the distance of haul by rail in respect of the finished product and the principal raw materials?

4. For the traffic received and despatched by rail, please give the average, longest and shortest distances for haul in respect of principal raw materials and finished products.

5. Is the entire quantity of the principal raw materials received by rail? If not please state the proportion received in the mills (i) by rail, (ii) by road in lorries, (iii) in bullock carts, &c., in respect of each raw material.

6. Is the entire quantity of finished product despatched from the mills by rail? If not, please state the proportion of despatches by road, river, &c.

7. (a) Will you please indicate the average price (1954-1955) and the average rail freight paid per maund or ton on each of the principal raw materials? Will you please give the corresponding figures for 1938-39 and 1947-48?

(b) Will you please indicate the present average price (1954-55) of the finished products at the manufacturing points and at important consuming centres? Will you please give the corresponding figures for 1938-39 and 1947-48?

8. Will you please give figures of the despatches of finished products by rail for distances of—

- (i) 1 to 50 miles
- (ii) 51 to 100 miles
- (iii) 101 to 200 miles
- (iv) 201 to 300 miles
- (v) 301 to 400 miles
- (vi) 401 to 500 miles
- (vii) 501 to 600 miles
- (viii) 601 to 700 miles
- (ix) 701 to 800 miles
- (x) 801 to 900 miles
- (xi) 901 to 1000 miles
- (xii) 1001 to 1200 miles
- (xiii) 1201 to 1500 miles
- and (xiv) beyond 1500 miles?

9. **Additional information for liquids only.**—(a) What proportion of the present movements occur in bulk in tank wagons as against movement by ordinary covered wagons in containers? What are the relative economics of movement in bulk and in containers?

(b) What is the wastage from leakage in each of the two methods of transport?

(c) Is any improvement in containers contemplated to reduce leakage?

(d) As for the traffic received in bulk in tank wagons, is it distributed to the ultimate consuming points in containers? If so, is such distribution affected by the present scales of rates and the distance range of the 'legs' of the telescopic rates?

10. **Additional information for Sugar Mills only**—(a) Will you please indicate the proportion of sugarcane traffic received by the mills separately by (1) rail and (2) road from within a zone of—

- (a) 10 miles,
- (b) 11 to 20 miles,
- (c) 21 to 30 miles, and
- (d) beyond?

(b) In your area, please indicate the average cost of transport per maund of sugar-cane by (1) rail and (2) road for distances of 5, 10 and 15 miles. Similarly also indicate the corresponding cost of transport in a pre-war year say, 1938-39.

#### ANNEXURE VI

##### Petrol, Kerosene Oil and other Petroleum Products

1. What is the present price structure for petrol, kerosene oil and other petroleum products and what proportion does railway freight bear to the selling price at a number of representative points?

2. How has the revised structure of rates introduced in 1948, affected the price structure of petroleum products? What proportion of the increase in railway freight rates has been passed on to the consumer?

3. When the oil refineries in India go into production, will there be any need for reviewing the railway freight rates?

4. Will you please give figures of traffic in petrol (including Aviation spirit) and Kerosene oil for distances in zones of (1) 1 to 50 miles (2) 51 to 100 miles, (3) 101 to 200 miles, (4) 201 to 300 miles and so on up to (13) 1,200 miles, and (14) beyond 1,200 miles?

5. Will you please indicate the proportion of the traffic in each zone moving in tank wagons and in ordinary covered wagons in containers? To what extent are petrol and kerosene oil received in tank wagons at depots in the interior, repacked and sent forward by rail in containers?

6. Do you consider the present division of the telescopic rate for oil into three legs, of 1 to 300, 301 to 600 and of distances beyond, suitable? If not, what modifications would you suggest?

7. Is there any programme or policy regarding distribution of supply from different installations as refineries go into production? To what extent will the opening of Kandla Port affect your distribution policy?

8. What is your policy regarding supply of petroleum products from Assam? Is there a zonal distribution irrespective of transshipment at break of gauge and do you suggest any rationalisation of movement?

#### ANNEXURE VII

##### Principal grades of coal and coke and products of mines

1. Will you please give figures of total production during 1938-39, 1947-48, 1952-53, 1953-54 and 1954-55?

2. Will you please state the average price at pitsmouth during the years mentioned above?

3. What has generally been the effect of the revision of the freight rates in 1948 on the movement of traffic by rail? In particular, can you give an idea of any change that has taken place in the distance of movement by rail and the quantum of traffic involved? For coal will you please indicate also the effect of the revision of the freight rate in 1952?

4. Will you please indicate the quantum of traffic at present moving by rail for distances of—

- (i) 1 to 50 miles
- (ii) 51 to 100 miles
- (iii) 101 to 200 miles
- (iv) 201 to 300 miles
- (v) 301 to 400 miles
- (vi) 401 to 500 miles
- (vii) 501 to 600 miles
- (viii) 601 to 700 miles
- (ix) 701 to 800 miles
- (x) 801 to 900 miles

- (xi) 901 to 1,000 miles
- (xii) 1,001 to 1,200 miles
- (xiii) 1,201 to 1,500 miles
- and (xiv) beyond 1,500 miles?

5. Please indicate the quantity of traffic at present moving by rail-cum-sea route.

6. Will you please indicate the quantity of traffic moving by road for distances of—

- (i) 1 to 50 miles
- (ii) 51 to 100 miles, and
- (iii) beyond 100 miles?

7. Will you please briefly give reasons why, if any, traffic is moving by road and also give the comparative costs of movement by rail and road for distances of (i) 50 miles and (ii) 100 miles?

### ANNEXURE VIII

#### Agricultural produce

1. Will you please indicate the total yield of the crops in your area during 1934-39, 1947-48, 1952-53, 1953-54, and 1954-55?

2. What has generally been the effect of the revision of the freight rate structure in 1948, and subsequently in 1953 on the movement of the crop by rail? Has there

been any change in the distance of haul by rail?

3. Is the entire surplus crop moving by rail? If not, what proportion moves by (i) road in carts and lorries, and (ii) river or canal?

4. Will you please indicate the average prices (1954-55) at the more important produce markets in your area and the extent to which rail freight enters into these prices?

5. Will you please give figures of despatches of the crop by rail from your areas for distances of—

- (i) 1 to 50 miles
- (ii) 51 to 100 miles
- (iii) 101 to 200 miles
- (iv) 201 to 300 miles
- (v) 301 to 400 miles
- (vi) 401 to 500 miles
- (vii) 501 to 600 miles
- (viii) 601 to 700 miles
- (ix) 701 to 800 miles
- (x) 801 to 900 miles
- (xi) 901 to 1,000 miles
- (xii) 1,001 to 1,200 miles
- (xiii) 1,201 to 1,500 miles
- and (xiv) beyond 1,500 miles

### Questionnaire of the Railway Freight Structure Enquiry Committee issued on 8th November 1955

#### PART II

1. (a) Will you please indicate to what extent traders book commodities at owner's risk rates and to what extent they book them at railway risk rates?

(b) Will you please indicate the names of commodities which traders prefer to book at higher railway risk rates where alternative owner's risk rates are available?

(c) Has there been any change of practice in this respect compared with the pre-war period?

2. (a) To what extent do traders resort to private insurance as an alternative to or in addition to booking at railway risk rates, and for what reasons?

(b) What kinds of risk are covered by private insurance? Please indicate also the rate of premium on the value of goods where they are privately insured.

(c) To what extent has there been a shift during the two periods 1945-50 and 1950-55 in favour of, or against, private insurance as compared with booking at railway risk rates; if so, in respect of what commodities and under what categories of risk cover?

3. In regard to goods booked at owner's risk rates, what proportion of the traffic is covered by private insurance? Has there been a shift during the two periods 1945-50 and 1950-55 in favour of, or against, private insurance? If so in respect of what commodities?

4. (a) Has there been a marked increase in the payment of compensation claims by railways after the last war; if so, please name the principal commodities in respect of which such an increase has taken place.

If possible, the answer may be given with reference to quinquennial periods, 1940-45, 1945-50 and 1950-55.

(b) Will you please give, with reference to these commodities, the quantum of increase in the volume of traffic and the relative prices of the commodities compared with the pre-war period and the periods indicated above?

5. (a) In respect of compensation claims paid by railways, please state the quantum of payment arising from—

- (i) thefts and pilferages;
  - (ii) misdespatch;
  - (iii) deterioration due to delay in transit;
  - (iv) fall in prices owing to delay in transit;
  - (v) damage to consignment due to rough shunting and rough handling;
  - (vi) leakage and damage due to wet;
  - (vii) any other well defined cause;
- and the proportion in each case.

(b) Will you please indicate separately, in respect of the above, the value of claims preferred and the quantum of payment made by railways?

(c) In respect of compensation claims rejected by railways, please give a similar breakdown as in (a) above.

6. In regard to compensation claims rejected by railways, please state the principal commodities generally involved and give a rough estimate of the value of claims preferred in respect of each of these commodities.

7. (a) The railways' liability in respect of defectively packed goods, and animals or

goods carried or deemed to be carried at owner's risk rates, has been extended to cover cases of negligence in addition to cases of misconduct, as a result of the Indian Railways (Amendment) Act of 1949.

What benefit has the trading public derived from the new provisions of the law?

(b) To what extent have these provisions operated to the disadvantage of the railways? If the provisions have operated to the disadvantage of the railways would you recommend the narrowing of the difference between the owner's risk rates and the railway risk rates?

8. The present practice is to quote only railway risk rates for certain commodities whether moving in smalls or wagon loads. For other commodities, railway risk and owner's risk rates are both quoted whether moving in smalls or in wagon loads. For yet other commodities, the sender has the option of either of the two rates when the consignment is in smalls but not in wagon loads. For a further set of commodities, the sender has the option of the two rates when the consignment is in wagon loads only. Have you any comments or suggestions to offer in regard to this practice?

9. In the case of commodities where both railway risk and owner's risk rates are quoted, the difference between the two sets of rates varies widely from commodity to commodity. Have you any comments to make on the disparity between the two sets of rates?

10. Do you consider it desirable to withdraw, either altogether or for particular commodities, the alternative owner's risk classification existing at present? If so, would you suggest any change in the railway risk classification?

If you advocate the withdrawal of owner's risk classification, would you suggest an exception being made in the case of wagon loads where wagon load schedules are quoted? In case this exception is recommended, would you suggest alternative railway risk rates also being quoted for traffic in wagon loads?

11. If you recommend that the owner's risk rates be completely withdrawn, do you suggest the same principle being extended to commodities coming under the "excepted" category; if so, do you agree to an adequate enhancement in the rates for commodities in the "excepted" category to be removed from owner's risk classification and included in the railway risk classification?

12. It has been suggested that railways should accept goods for transport at railway risk rates only, but, if a trader offers to relieve the railways of a portion of the risk, he should be allowed a certain reduction in rate. Do you agree with this view and, if so, please indicate the nature and extent of the risk which the railway may be relieved of. What consequential reduction in rates would you suggest in such cases?

13. A large number of dangerous goods are carried only at railway risk. In some cases, commodities like safety matches, paints and varnishes are carried either at railway risk or at owner's risk rates, the owner's risk rates providing for a relaxation

in packing conditions. Would you like this practice to be continued?

14. In your opinion, are the conditions laid down for execution of forwarding notes under Section 72-A of the Indian Railways Act, 1890, in respect of animals or goods carried on a railway, satisfactory and, if not what changes would you recommend in the law?

15. Have you any comments to offer or suggestions to make regarding the present standard packing conditions in general or regarding special conditions of packing applying to particular commodities?

16. In the case of certain commodities, packing conditions have been notified, and these commodities are not accepted for booking by railways unless the prescribed conditions have been fulfilled. In the case of certain other commodities, while the packing conditions are prescribed, the consignments tendered for carriage are accepted even though the prescribed conditions are not conformed to, if the exact nature of the defect is recorded by the sender in the forwarding note. In view of the increasing industrial skill in the country, would you recommend the extension of compulsory packing conditions to more commodities and, if so, please suggest the names of the commodities to be included.

17. (a) Have you any suggestions to make regarding the provision of warehouse facilities for storage of goods prior to despatch or after delivery? Are you aware of any schemes for providing such facilities on a planned basis either by private business or co-operative bodies or the railways?

(b) Would you suggest that such a scheme should be taken up and, if so, which body or bodies would you recommend for carrying out a scheme of this kind?

18. (a) Under Section 72 of the Indian Railways Act, 1890, the responsibility of the railway administration for loss, destruction or deterioration of animals or goods delivered to the railways for carriage is that of a bailee as provided for by the Indian Contract Act, 1872. Are you in favour of the continuance of this provision; if not, what in your view should be the extent of the liability which the railways should assume?

(b) It has been suggested that the railways' liability, instead of being that of a 'bailee', should be that of a common carrier, which, in effect, would make the railways 'insurers' of goods carried by them. Would you advocate this change and, if so, would you indicate the nature and extent of the risk that would be assumed by the railway on account of this change?

19. It is stated that the bulk of the claims for compensation arises directly or indirectly from thefts and pilferages. What steps would you suggest should be adopted by the railways, the State Governments, the Union Government and by the public, to meet the situation?

20. On the basis of compensation claims paid by railways during 1954-55, can you give a rough estimate of the additional amount that will have to be paid if railways are treated as common carriers, thereby becoming virtual insurers, instead of being

merely bailees as at present? Will you please give the figures separately for running train thefts and other causes? Are there any commodities where the incidence of running train thefts is particularly high?

21- Have you any general observations to make regarding claims made and claims paid?

**Questionnaire of the Railway Freight Structure  
Enquiry Committee Issued on 8th November 1955**

**PART III**

1. (a) Sections 41 and 42 of the Indian Railways Act, 1890, define the functions of the Railway Rates Tribunal. Have you any suggestions to make regarding the widening of these functions or restricting them?

(b) It has been suggested that it would be in the public interest if the Railway Rates Tribunal is given the power to initiate investigations in regard to freight rates. Would you favour such a suggestion?

(c) If you recommend the restriction or narrowing down of the powers of the Tribunal as laid down in sections 41 and 42 of the Indian Railways Act, 1890, would you suggest that the powers so taken away from the Tribunal be conferred on some other body? By whom would these functions be exercised and in what manner?

2. Sub-section (2), Section 42 of the Indian Railways Act, 1942, provides that the Central Government alone will have power to reduce the level of class rates, while Sub-section (1) of the same section provides that the Tribunal alone shall have power to reclassify a commodity in a higher class, but only on application made by the Central Government. Under these provisions, if Government is to raise additional revenue from goods traffic, it has to apply to the Tribunal and obtain its approval to raise the rates on a particular commodity by classifying it in a higher class. Otherwise it has to raise rates on all goods in a particular class. Do you consider this position satisfactory; if not, what suggestions have you to make?

3. It has been suggested that the Central Government may be given the power to reclassify any commodity in a higher class without prior reference to and approval by the Railway Rates Tribunal and that, in such cases, the trade can appeal to the Tribunal if the reclassification is unreasonable. Have you any comments to make on this suggestion?

4. Have you any comments to make on the rules of procedure which have been adopted by the Railway Rates Tribunal?

5. It has been stated that there is great delay in obtaining decisions from the Railway Rates Tribunal by the parties concerned. Do you agree with this statement and, if so, what suggestions would you make to expedite the adjudication of cases by the Tribunal?

6. It is stated that the actual cost to the parties for obtaining a case adjudicated by the Railway Rates Tribunal is very high. Do

you agree with this statement and, if so, what remedy would you suggest?

7. The Indian Railways Act, 1890, provides in Section 44, sub-section (2)(e), that any party shall be entitled to be heard in person or by a representative duly authorised in writing or by a legal practitioner. The records show that the privilege of appearing in person or by a duly authorised representative has never been exercised by the parties concerned, apart from the railways. How do you account for this fact? Do you consider that there is anything in the procedure or in the nature of the enquiry which prevents any party appearing directly and arguing his case?

8. Have you any remarks or suggestions to make regarding the constitution, and the qualification for membership, of the Tribunal as prescribed by the Indian Railways Act, 1890? If you desire any modification in the qualification for membership of the Tribunal, what is your suggestion and how would you justify it?

9. Do you suggest any increase or decrease in the number of members of the Tribunal?

10. (a) Tribunal, consisting of three members with legal experience, is now assisted by assessors chosen from two panels, (i) the trade, industry and agriculture panel, and (ii) the railway panel. Do you consider the system of associating assessors with the Tribunal fulfils the purpose which was intended, namely, to have at the disposal of the Tribunal the experience and knowledge of the trade and of the railways?

(b) Do you consider the system of formation of the panels and the choosing of assessors from these panels for individual cases satisfactory? If you do not consider the system satisfactory, what suggestions have you to make?

11. It has been suggested that there should be an independent body which will have the power of fixing freight rates and dealing with complaints arising therefrom. Do you approve of this suggestion and, if you do, would you make a difference between matters affecting rates which should be dealt with by an independent non-judicial body, and matters which would be suitable for decision by a judicial body? What should be the composition of these bodies?

In either case, how would you reconcile the powers given to one or the other of the bodies with the ultimate power of control over the budget exercised by Parliament?

12. It has been stated that, since the railways are now entirely government undertakings functioning under parliamentary control, the necessity for a judicial body like the Railway Rates Tribunal for adjudication of disputes regarding freight rates does not exist. Do you agree with this view? In case you do not favour the continuance of a judicial body like the Railway Rates Tribunal, would you suggest the constitution of an advisory body on the analogy of the Tariff Commission?

---

## SECTION II

Replies from the Chambers of Commerce  
to

the Questionnaires of the Railway Freight Structure Enquiry Committee.

---



## ANDHRA

### Andhra Chamber of Commerce, Madras.

#### GENERAL

Transport being an essential requisite for rapid industrial and economic development the Indian Railway System should think of providing easy and quick transport facilities at economic rates. The adoption of low freight rates and provision of quick and easy transport facilities will not only help to accelerate the process of industrial development but also enable the Railway System to derive a sizeable revenue.

In the terms of reference to the Enquiry Committee the first term of reference reads as under:

"To review the present railway freight rate structure in all its aspects and to suggest what modifications should be made, bearing in mind the needs of a development economy and the necessity for maintaining the financial stability of the Railways."

Our Chamber is of the view that there need be no apprehension as to the financial stability of the railways. The Chamber is confident that the Railways would be proceeding on sound lines if they adopt low freight rates and ensure quicker turn round of wagons. In other words, the Railways will be placing themselves on a financially more solid and firm foundation by adopting a policy suited to meet the increasing needs of a "development economy."

The terms of reference also suggest the revision of the freight structure in the upward direction, if need be, to enable the Railways to maintain financial stability. But the Chamber is of the considered view that the freight rates even as they are, are very high and their incidence on trade and industry is very heavy. In view of this the Chamber suggests that the Committee should explore all possible ways of maximising the utility of available wagons, minimising operational cost and increasing the efficiency of all concerned. This three pointed drive would enable the Railways to earn a decent revenue helping development work at the same time.

In the second five year plan period there will be a lot of industrial activity. Materials for construction of factories, machinery etc. will have to be moved. In the agricultural sector also there has been considerable improvement. This again would mean that there will be a heavy demand on Railway transport. The volume of traffic which is round about 98 million tons presently is expected to increase by about 60% during the second five year plan period. The success of the plan will depend on the Railway being able to carry this additional traffic expeditiously. This would naturally involve an increased outlay on wagons and rolling stock and improved operational control.

The Railway Freight Structure Enquiry Committee should recommend to the Ministry of Railways to offer enough opportunities to the zonal railways to quote special rates to suit particular needs of particular industries and or trades. The Railways should be enabled to quote special rates for

movement to the port towns for export purposes.

The Chamber has replied the questionnaire issued by the Committee wherever necessary in the following pages with the hope that the views contained herein would receive the best attention and consideration of the Enquiry Committee.

*Special reference to Andhra:*—Andhra is predominantly an agricultural State, and the bulk of commodities that are produced is exported to other States and foreign countries. It has a sizeable surplus of rice which is exported to Southern States and to foreign countries including Ceylon. The tobacco that is grown in this area is exported mainly to foreign countries. The jaggery that is produced in big centres like Anakapalle is exported to Bengal and other North Indian States. Oil crushing is an important industry and groundnut oil crushed in the factories is shipped to foreign countries and to Bombay, Calcutta and other places. Iron ore production has assumed great importance in recent years, the bulk of which is exported to Japan and other foreign countries. Manganese ore also is transported to other places outside the State.

The distance between the production centres and the ports of Madras, Masulipatam, Kakinada and Visakapatnam in many cases is less than 300 miles. The fact that for the telescopic rate, the first leg is 300 miles will therefore deprive the Andhra of the benefits of telescopic rates on all commodities that move between production centres and the ports. This major factor must be taken into account while considering the revision of the railway freight structure so as to suit the movement of agricultural produce and minerals of the Andhra State as detailed in the illustrative cases. The granting of concessional rates for movement of the goods should help to stimulate trade in these commodities and also enable the exporters to compete in other markets. In order to enable the businessmen in this area to develop the trade and commerce in the above goods, it is absolutely necessary to accord reasonable freight rates for movement. The Chamber suggests that telescopic rates should start at 100 miles.

The two issues, viz., shortage of wagons and freight structure should no doubt be kept distinctly apart. At the present time, for want of wagon supply the trade in many commodities listed has been depending on lorry movement, the rate of which is very high compared to the railway rates. Because of the present demand the trade has been able to withstand to some extent the burden of lorry transport charges. When trade would be faced with severe competition and unfavourable business conditions it will be impossible to depend on lorry transport. Therefore it is absolutely necessary to revise the freight structure in such a way that transport charges will not inflict a big burden on the trade.

## PART I-A

Q : 1 (a) Though the object and purpose of the revision was to "rationalise" the rate structure, the general effect of the revision on trade and industry was in the direction of increasing the cost of movement.

The number of classes was reduced from 16 to 15 and in the revision, many commodities were upgraded by one class. The carrying capacity of the wagons was increased and full wagon load rates available in many a case were abolished.

(b) The introduction of telescopic rates with 300 miles as the first leg has resulted in increasing the cost of movement. The cost of movement of raw materials which is usually confined to short distances, say about 50 miles, was increased considerably. To this increase should be added the increase in freight rate on account of the revision in the classification.

(c) As replied earlier the revision has increased the cost of short and medium haul traffic. There being no other convenient alternate mode of transport movement through rail continued to be carried on in spite of the increase in freight rates.

Q : 2. The Government of India in the Ministry of Railways and the Railway Rates Tribunal have powers to re-classify a commodity in a lower class according to section 42 of the Indian Railways Act. The Tribunal has got powers to re-classify a commodity to a higher class on representations made by the Railways. The Railways have powers to quote special station to station rates for particular commodities to encourage the development of new industries as well as to help the old industries to expand and stabilise.

In actual practice, however, the Railways have been cancelling all station to station rates rather than quoting new special rates. The number of cases referred to the Tribunal also are not many.

The conditions laid by the Tribunal to entitle an industry for special rates are the volume of traffic and the necessity. The industry should not be capable of development or working on economic lines without the special rates. These conditions are difficult to fulfil in all cases and ultimately the industry does not get the special rate.

Q : 3. (i) All commodities that move through Railways should be classified in such a way as to permit development of industries and trade. There are over 3500 commodities classified into 15 classes and out of this only about 80 items have been given wagon load scales. All the items for which wagon load scales are given fall under the first three classes.

There are only 17 commodities for which a lower class rate is applied for wagon loads.

Wagon load scales or lower class rates can be given to a large number of items. Movement of goods in wagon loads will be in the interests of trade and industry as also in the interest of the Railway administration. The Railway administration should therefore offer lower class rate facilities as an incentive for movement of goods in wagon loads.

The percentage of increase of one class over the previous class is about 6.5% to 9.3% from Class 1 to Class 13. But from class 13 the increase is very steep, the increase of class 14 over class 13 being 19.2% and of Class 15 over Class 14 being 49.7%.

The difference between Railway Risk Rate and Owners' Risk Rate is enormous after Class 13. The rates of progression in the second and third legs of the telescopic class rates and in the wagon load scales vary from class to class disproportionately. Such increases or variations do not seem to have any relation to transportation costs. In order to make the rates of progression more uniform that at present it will be necessary to review the railway rates.

(ii) (a) Under the existing system the first 'leg' in the class rates covers a distance of 300 miles. The average distance travelled by all goods including coal is stated to be about 210 to 230 miles. Hence the fixation of 300 miles as the distance for the first 'leg' has nullified the benefits of a telescopic rate. It is felt that the distance under the first leg should be reduced to 100 miles and declining rates should be available for every additional leg of 60 miles. This would enable the trade and industry to make use of the telescopic class rates with advantage even in respect of the large volume of goods that moves over short distances.

(ii) (b) As stated in answer to previous question the progressive reduction of rates should commence from 100 miles, that being the limit for first leg. This would enable a large number of businessmen to enjoy the benefit of the telescopic rates.

Q : 4. It is true that no charge is made for commodities covered by the maximum rates beyond a distance of about 1500 miles. There are very few commodities which move beyond 1500 miles. It is felt that rate structure should be revised fixing the maximum rate in respect of each class and in respect of wagon load scales much earlier than 1500 miles.

Q : 5. The costs of service rendered by the Railway in transporting goods should normally be covered by the freight charges collected. In countries like the U. S. A. the Railway, it is stated, renders terminal services also. It is felt that no terminal charges should be levied by Indian Railways. The freight rate paid for transport of goods should be deemed to include charges for terminal services also.

Terminal charges are recognised under Section 43 of the Indian Railways Act. The terminal charges which are 8 pies per maund at each end (Where owners are permitted or required to load and to unload the charge is six pies). These charges while added to short distance traffic result in increasing the transport cost to a great extent.

The reduction of only 2 pies per maund when owners do the job of loading or unloading is not justifiable. When terminal charges are fixed for specific services rendered it is but proper that they should be reduced in proportion to the service not rendered by the Railways.



The collection of short distance charge for goods movement of less than 75 miles is another hardship to the trade and industry. The argument advanced in favour of the levy of a short distance charge is that the earning capacity of the wagons is affected by hauling over short distances and on account of the long time taken for release of wagons when compared to the freight earned. It is true that this system prevails in foreign Railways also.

The introduction of telescopic rates naturally levies greater burden over short distance traffic. The object behind a higher scale of rate in the first leg is only to enable the Railway to increase the earning capacity of the wagons. Hence there is no justification for collecting an additional short distance charge.

The wagons used for long distance movement are those which are poolable wagons while the wagons used for short distances are local wagons. These local wagons are released very quickly, the turn round is more in their case and consequently the local wagons are used more effectively than poolable wagons which are used in long distance traffic. Raw materials for industries are moved in most cases only over short distances and as such the abolition of short distance charge would help the industries to a very great extent.

According to a study of the F. I. C. C. and I, short distance charge accounts for 112.5% to 200% in respect of some items in the Eastern Railway.

Similarly transshipment charges which are charged extra at present on the break of gauge point should not be collected. The railway freight paid for transporting a cargo should be deemed to include transshipment charges also and no extra levy should be made.

The unification of gauges should be the goal of the Railways and towards that end efforts should be taken for change over by spaced programme. Till then the transshipment charges also should not be levied.

Q: 7. The minimum distance for charge was raised from ten miles to twenty miles after 1948. If at all a change is thought of such change should be effected in the downward direction.

Q: 8. Empty haulage of tank wagons is charged in the case of Southern Railway while it is not the case in certain other railways. This differentiation places the dealers of one area in a disadvantageous position against the other. Haulage of wagons and provision of the same at loading point is a part of the day to day business of the railway and there does not seem to be any justification for the same. It is suggested that this charge for haulage should be abolished, wherever it exists.

Q: 9 & 10. Classification and grouping of goods would have a bearing on the characteristics of the goods concerned in relation to their transport conditions and their prices. Factors like weight, liability to deterioration or damage, bulk, length etc., also have to be taken into account while classifying or grouping a commodity under a particular class or group.

The existing groups require revision from the point of view of trade and commerce.

Q: 15. To help small traders, consumers and small industries "smalls" traffic should be encouraged. In fixing up a maximum weight per consignment and adopting a particular class care should be taken to see that commodities in lower groups when transported as "smalls" are not charged higher. The "smalls" rate should be fixed as low as possible.

Q: 16. To ensure better utilisation of transport capacity available from time to time the existing 'w' condition i.e. the minimum weight condition for qualifying for a wagon load rate should be provided for all commodities. The present class rates should not be connected into wagon load rates. Lower rates should be fixed for wagon loads and the present rates should be made applicable only for small consignments.

As regards wagon load rates a reduction may be given for quantities loaded beyond the minimum weight per wagon. This would help the maximum usage of wagons.

Q: 17. For ensuring quick and speedy movement special goods trains are run at times. Even Railways run special goods trains for their own convenience so as to reduce the cost of operation. Periodically there will be need for moving items like cement, coal, iron ore, manganese ore, etc. There will also be regular movement of items like lime stone from the quarry to the cement factories and other raw materials to factories. It will therefore be very helpful to the trade and industry if train load rates are introduced.

Q: 18. By introducing special express goods services the railways will be reducing their operational cost. Hence the aim of the railways should be to accelerate the movement of all goods at existing rates instead of demanding a premium for quick movement. The Chamber feels that the system of additional levy for quick movement would tend to delay the movement by normal goods trains.

Q: 19. Railways should provide crane facilities at all junction points wherever such services are required. In such cases, railway should charge only such fee as is needed to maintain the cranes without trying to make any profit by levy of a fee for the use of the cranes.

Q: 21. Under a telescopic rate structure as in existence presently the freight rates in the first leg of 300 miles are very high. Besides this there is an extra short distance charge for traffic moving for less than 75 miles and there is a charge for minimum of 20 miles. This high incidence is only to enable the Railways to cover operational costs.

If railways were to leave short distance traffic to other forms of transport like road transport, canal transport and sea transport there are a number of problems to be tackled before deciding such a course. Roads and canals and minor ports will have to be developed. The incidence of taxation of commercial transport vehicles will have to be reduced. Facilities will have to be provided for moving goods by canals and sea wherever use of such transport is

possible. Without providing the necessary ground for the use of alternative modes of transport if railways were to restrict short distance traffic through railways it is likely to create much hardship to the trade and industry. The different modes of transport should get their share of goods for movement purely on the basis of competitive rate structure and the Railways should not try to put up their rates to provide a favourable rate structure for other modes of transport. Railway being a national utility it has to perform its functions efficiently and carry traffic, whether it is short distance or long distance and it cannot escape this responsibility.

Q: 22. At present the rates for carrying by road are double the rates for carriage by rail. But it should be possible for road transport to carry at comparatively lower rates, if taxation on motor vehicles, diesel oil etc. is revised suitably.

Q: 23. While the Chamber is in favour of any arrangement which will bring down the freight for long distance traffic of essential raw materials, it is against the imposition of any surcharge or imposts on short distance traffic for the purpose. Moreover the Chamber is of the view that Railways should not disturb the locational advantage of industries by imposing extra levy on transport of raw materials for short distance.

Q: 24. In the light of the views expressed above the question has to be decided in consultation with the interests concerned.

Q: 25. In the absence of full particulars about the scheme, the probable rates, the incidence on short distance and long distance traffic the Chamber is unable to write anything on the question. If full details are provided the question can be examined and a reply given.

Q: 26. The Railways should revise their freight policies to suit the needs of industries. Then only it would be possible to reach the targets fixed for the industrial sector at the end of the plan period. When the Tariff Commission makes certain recommendations for providing relief to industry by way of reduction of railway freight, the Railways should give effect to such recommendations.

Q: 30. Station to station rates would undoubtedly help the development of industries and promotion of India's exports to foreign countries. A large number of station to station rates were quoted prior to 1948 when the revised classification came into force. There is a case for introducing these station to station rates again since the purpose of these rates is to enable the Railway authorities in each zone to exercise their discretion and help an industry, if it is affected by the application of the telescopic rates.

Movement of raw materials from production centres to factories and movement of export cargo from production centres to port towns should be assisted advantageously by introducing station to station rates.

Q: 34. The cost of construction of new railway lines should be covered by the general finances of the railways and attempts should not be made to surcharge traffic on such new lines to meet the cost. This would

in fact negative the very purpose for which new lines are opened. The Railways should have the opening up of new areas to rail traffic as their responsibility and they should carry out that responsibility from their own general revenues.

Q: 36. The Railways have to meet all their expenses from the current revenues and/or from the development fund. Cost of developmental expenditure such as maintenance of goods and passenger transport, construction of quarters, etc., are to be charged to the Development Fund. When the balance in the Development Fund is sufficient to meet expenditure of the above nature then railways will have to borrow from the general revenues.

The Railways can meet the cost of the increase of transport capacity by about 5% annually besides meeting expenditure on current items, passenger amenities and current operating expenditure. The financing of developmental work under the Second Five Year Plan to the tune of about Rs. 1,500 crores should naturally be met by resorting to borrowings.

Q: 37. The Chamber is not in favour of discriminatory rates as between small and big industries since it would involve considerable difficulties in practical application. The idea of laying an impost on large industry to enable the small industry to stand on its legs is not a scientific one. Though this idea has been accepted in the case of Cotton Mill industry vs. Handloom Industry, oil crushing industries vs. Village ghanis, Rice mills vs. hand pounding of rice the Chamber does not favour the introduction of this idea in Railway freights also.

But the Chamber believes that by introducing suitable rates for smalls traffic and by fixing the telescopic rates for the first leg at a reasonably low level, the small industries can be helped to a great extent. In the case of small industries getting raw materials from long distance and exporting their finished goods to other countries special station to station rates can also be quoted.

Q: 38. When statutory prices are fixed for items like cement, iron and steel taking into consideration the various factors, the Railways should not revise the freight rates alone unilaterally. The introduction of surcharge on all materials including the above has resulted in increasing the freight cost while the selling price is fixed already. This is a position which should not be allowed to develop. Railways should consult the authorities responsible for fixing such statutory prices before revising their freight rates.

Q: 39. In most cases the freight rates are much higher than the cost of transport. Attention is needed to these cases.

Q: 40. Low rated traffic is the mainstay of the Railways and it will contribute a very large revenue to the Railways in future as in the past. Hence the financial stability of the railways will not be affected in any way on account of increased low rated traffic.

Q: 55. *Groundnut Oil*:—The Andhra is one of the biggest producers of groundnut in our country. In the interests of local milling industry the export of the raw material should be discouraged. There is therefore

no point involved in special freight rates in this regard.

2. The Andhra is producing a large quantity of groundnut oil. Nearly 75% of this production is being exported to other consuming centres in India and to foreign countries. The need for giving maximum concession possible for this movement need hardly be emphasised.

3. Among other facilities, the following should be given for movement of groundnut oil:

- (i) Special rate for movement of oil from producing centres to (a) the ports (Madras, Kakinada and Visakhapatnam) and (b) to big consuming centres like Bombay, Calcutta, Delhi, Patna etc.
- (ii) Greater facilities should be provided for loading groundnut oil in tank wagons as this can avoid unnecessary haulage of empty drums and prevent leakage etc. Special rates must be given for such movement. The existing rates may be cut by 25%.
- (iii) The empty haulage charges in tank wagons presently levied by the Southern Railway System from Waltair to stations of stabling (Guntur, Adoni and Royapuram) should be removed.
- (iv) When oil is sent from one despatching station to a big consuming centre like Bombay or Calcutta, where there are a number of suburban receiving stations, the rate should be uniform one. The one important advantage that accrues from this facility is a proper dispersal of the commodity exported and facilitates quick and easy clearing. e.g., from Madras to Shalimar, Saheb Bazaar, Rishra etc. (Via Waltair.)

**Cotton Seeds:**—Under the present rate system, groundnut and cotton seeds are placed in one and the same classification though the oil content of cotton seed is about 15 to 18% as against the oil content of 50 to 52% in groundnuts. It has been the special endeavour of the Government of India to encourage production of cotton seed oil with a view to augment our supply position of oils and fats. It is suggested that cotton seed should be placed in a distinctly lower class (than of groundnut and other major oil bearing seeds), so that this important raw product can move to the crushing factories at as low a rate as possible and give a fillip to the crushing of this important oil seed.

**Tobacco:**—Andhra State is the biggest producer of Virginia Tobacco. There are a few cigarette factories which consume a small proportion of the total production. The bulk of the Virginia tobacco is exported to foreign countries.

Tobacco trade is seriously handicapped for want of wagon supplies. The entire production is lifted in lorries. Whereas the railway rate is about Rs. 4-4-0 per bale, the lorry rate ranges from Rs. 6 to Rs. 10 depending upon market conditions and demand for lorries.

Even if the producers are willing to pay the higher rate for lorry transport, there are other difficulties in moving the products by

lorries. During the flood seasons it is not possible to send tobacco from Guntur to Kakinada port from where the commodity is shipped. Therefore on such occasions tobacco is sent from Guntur to Madras by lorries. At the Madras Port it is very difficult to ship the product while the steamers are in moorings.

The major emphasis should be laid on the need for giving adequate wagons to move tobacco from Guntur etc., places to the Ports. Block trains should also be arranged where there is a keen demand for the transport.

The application of telescopic rates in this case should be viewed from an overall point of view. In other words the distance between the port and the hinterland where the goods produced is less than 300 miles, this fact should not deprive the commodity of the facilities accorded under telescopic rate. In order to encourage export and reduce the cost of handling it is necessary to accord concessional rates for the movement of such important exportable commodities which earn a sizeable portion of our foreign exchange.

**Iron Ore:**—In the movement of iron ore the cost of railway freight is more than the cost of the ore. The ore which costs less than Rs. 8 per ton bears a proportionately heavy freight. The freight rate on ore is as under: Bellary to Madras Rs. 17 per ton. Mysore to Madras Rs. 20 per ton. Bellary to Kakinada Rs. 20 per ton. Bellary to Visakhapatnam Rs. 24 per ton. Bellary to Bombay Rs. 23 per ton. This item is placed under class 1 but no priority is given for the movement and fairly large volume of traffic is always pending. Moreover this item requires only open wagons and does not require any extra care on the part of the railway administration, either at the loading point or unloading point. Railways do not provide any special assistance for this. Hence there is no point in placing this item under class 1. It should be brought to a lower class.

Block trains or special trains from mine area to ports should be moved at special rates. The benefit derived by the railway on account of this block train movements should also be partly extended to the exporters concerned. The rate should be low at least by 40% than wagon load rates for this special movement.

**Supply of wagons for manganese ore:**—In the movement of manganese ore from Mysore to Madras wagons used for the movement of coal, oil etc. are given. The wagons are never supplied clean and tidy. This results in the merchants cleaning the wagons and their cost is increased. When the railway as a carrier is charging certain amount of freight for certain movement it is incumbent on the railway to supply clean, tidy and proper wagons that are suitable for the movement of the particular commodity for which they are receiving freight charges.

**Movement of limestone etc. to cement factories:**—Special rates were in existence upto April 1956 for the movement of limestone from the quarry to the cement factories. This rate was increased with effect from April, 1956. It may be noted that the Tariff Commission has fixed a statutory selling price for cement basing their calculation on the rates existing previously. When the

freight rates for the raw materials increased after April 1956 the Government should have taken care to increase the selling price of cement. This has not been done. The Chamber feels that in all cases where a statutory selling price is fixed by any Department of the Government of India, the Ministry of Railways should not change the railway freight without reference to such department.

Previously a siding charge was being collected at the siding of the cement factories at the rate of Rs. 1/2/- per broad gauge wagon and Re. 1/- per metre gauge wagon till October, 1955. The siding charges have been fixed at Rs. 36/- per day irrespective of the number of wagons received by each gauge with effect from October 1955. This would mean that whether the factory receives wagons or not at the siding it will have to pay the siding charges for both metre gauge and broad gauge at the rate of Rs. 36. The Chamber feels that this levy of a flat rate is injurious to the intertests of the trade and industry. It is therefore suggested that the pre-October, 1955 practice of charging according to the number of vehicles placed should be resumed.

**Rice:**—Rice is being moved in large quantities from Andhra area to other States. A fairly large volume moves to Madras and Kerala. It is felt that special rates from production and market centres in Andhra should be given for movement of rice to consuming

centres like Madras, Cochin, Kozhikode etc. The concessional rates that were in vogue for movement of rice from production centres in the Andhra to Cochin were abolished. These may be restored.

**Lime fruit:**—The Andhra area produces large quantities of lime fruit and is exporting to other States. Lime fruit is placed in the category of vegetables in the coaching tariff. There is another category for fruits. Fruits enjoy quarter parcel rate whereas vegetables enjoy half parcel rate. Lime fruit by all tests can and should be treated as a fruit and not as a vegetable. Vegetable is quickly perishable commodity whereas Lime can stand for a longer duration. In view of this it is suggested that lime fruit should be classified as fruit and allowed the quarter parcel rate.

Again the lime fruits by their very nature are not capable of being loaded in large quantities. The minimum weight for a wagon load of fruits is fixed at 270, 220 and 150 maunds for broad gauge wagon, metre gauge wagon and narrow gauge wagon. This minimum is causing hardship to the trade since lime fruit loaded in such large quantities would tend to deteriorate before reaching the destination station. It is suggested that the minimum weight for wagon should be reduced to 150 maunds for broad gauge wagons and proportionately less in respect of wagons of other gauges.



Assam Chamber of Commerce,  
Shillong.

## PART II

### Q : 1. (a) *Proportion of booking at RR and OR :*

It is difficult to hazard an allocation of percentage as between the traffic that is offered to be booked by the business public at owner's risk and the traffic similarly offered for booking at Railway risk rates. Any such proportionate allocation in value terms will probably be useless. Some indication of the position can, however, be given only in terms of volume but here again as estimation is complicated by the fact that of the major revenue-earners on the Indian Railways it is only cotton raw and raw jute which are as a class of goods invariably booked at Railway risk, there being no question of freight made by the Railways at OR.

### (b) *Preference for booking at RR rates :*

Among cases where both quotation at RR and OR is available it is the machine tools and machineries, both electrical and mechanical, when these items are not carried in continuation of an overseas marine traffic, that are preferred to be booked by the business public at the higher RR rates. Other

cases are also not negligible where both rates are available but preference is expressed by the senders to book the goods for carriage by the Railways at higher RR rates.

### (c) *Post-war Development in RR booking :*

Since the end of last war, there has been a tendency among the business public to avail the RR rates, where alternatively available, to an increasing extent. Such a preference for RR booking on the part of the business public is accounted for by several factors. Firstly, with the resumption of normal trading activity in 1947, and after the partition of the country, the entire Railway System for good many months was almost out of gear with the result that business public thought it safer to incur higher freight charges in order to ensure better handling of goods by the Railway. Secondly, the higher costs of raw materials and imported goods after the war gave rise to a disposition on the part of the business public to incur higher freight charges at RR, as such enhanced freight liability worked out to a relatively

lower percentage of the total cost schedule compared to what the position was before the war when the prices were at a far lower level. There are abundant indications of the confirmation of such a view in the data for claim for compensation made on the Railways. Another cause for an increase in booking at RR is the tendency of the Railways to refuse claims in respect of goods booked at OR, particularly in what they call "running train theft" etc.

**Q: 2. (a) Incidence of Private Insurance Coverage:**

It is not easy either to indicate in any precise terms the extent to which the practice of insuring goods offered for carriage by Railways has developed as a commercial scale, although the fact remains that such a practice has gained ground considerably since the end of the last war. As a rough indication, it can be stated that 1% of the major commodities carried by Indian Railways, estimated in value terms, is currently covered by insurance with private companies, such a percentage including the coverage granted on continuous inland traffic of sea-borne imported goods from the port of discharge to the ultimate point of inland destination.

**(b) Hazards Covered and rates charged by private companies.**

The private companies of insurance practically cover all the hazards in their policy of inland marine insurance, namely, theft, partial loss, non-delivery of goods etc. etc. The rates of premium charged by the private insurances is by no means standardised. Nor is it fixed for all kinds of commodities. As a general indication it can be said that the premium varies from annas 2 to annas 4 per Rs. 100 of the value declared by the sender, upto 2% in cases of hazardous and valuable goods.

**(c) Shift in the Practice of obtaining private insurance:**

The Committee of the Chamber incline to fall in with the view that a study of the private insurance coverage of goods tendered for carriage by the Railways, can be suitably divided into two periods, 1945-50 and 1950-1951. It would appear to the Committee that insurance coverage of goods tendered to Railways for handling has tended to dwindle in the abolition of the old risk note forms in vogue over the Indian Railways, consequential to the enactment of section 72 A of the Indian Railways Act by the amending Act of 1949.

**Q: 3. Proportion of traffic covered by private insurance:**

Here again, no precise indication can be given as to the percentage of goods booked at owner's risk which are currently covered by private insurance. If a statement can be hazarded based on general experience, the position seems to be this—that in the period 1945-50, one per cent. of the goods tendered for booking at owner's risk used probably to be covered by private insurance but since 1950, the percentage is tending to fall. As far as the Committee can judge it is chiefly in the machinery group and in the movement of chemicals such as chemical fertilizers and tallow oil that the one-time

wide-spread practice of having the consignment insured by private insurers is now tending to fall. The Committee would also point out that Insurance Companies refuse to insure several kinds of consignments and in certain cases premium rates are too high.

**Q: 4. (a) Growth in the number of claims for compensation:**

There has been a very definite increase in the payment of compensation claims made on the Railways by the business public in the recent years. To illustrate the observation, it can be noted here that in 1939-40 roughly 55,000 cases of claims for compensation were filed with the class one Indian Railways. As against these, in 1948-49, the number of cases filed was 155,000 and five years later, i.e., in 1953-54, the number of cases for compensation filed with the Class I Railways was 375,000. Of course, the one fact accounting for larger claim is the increased volume of traffic but the more important fact underlying the large number of claims for compensation put forward by the public is the use of more rational form of Forwarding Notes brought into use since 1950. But there has been an increase in claims cases due to various causes some of which are mentioned in the Report of the Indian Railway Enquiry Committee 1947, as follows:—

- (i) the large increase in traffic, particularly of parcels, causing congestion at terminals and transshipment points;
- (ii) the dilution of staff, resulting in increase of mistakes, misorting and the loss of documents;
- (iii) the increased value and scarcity of commodities, making pilferages more profitable;
- (iv) the declining moral and discipline among the staff.

According to figures placed before the Claims Sub-Committee appointed by the Zonal Railway Users' Consultative Committee of the Eastern Railway, during the year 1951-52, the net amount paid by Railways in India on account of goods lost or damaged was Rs. 2.92 crores and this increased to Rs. 3.19 crores in 1952-53. Out of the latter the Eastern Railway, although smallest in mileage, paid Rs. 1.34 crores i.e., a little over 42 per cent. of the total claims paid in 1952-53. The acceptance of claims by the Railways is reported to have been tightened and it appears the loss to merchants due to pilferage, damage etc., has been more than what the figures of compensation money paid would indicate.

**(b) Class of goods in which compensation claims have increased:**

The Committee have no dependable information to furnish on the point except that they have the feeling that claims for compensation have been on the increase with regard to the movement of cotton piecegoods, machinery parts etc.

**Q: 5 & 6.** It is for the Railways to furnish this information for these two questions.



**Q: 7(a). Effect of the 1949 Amendment Act :**

In the opinion of the Committee of the Chamber, the Indian Railways Amendment Act 1949, by introducing the new Section 72-A into the Indian Railways Act of 1890, have facilitated the establishment of claims for compensation by the business public against the Railways. In 1953-54, as much as 2 crores 80 Lakhs and in 1952-53 as much as 3 crores 18 Lakhs of rupees were paid as compensation by the railways. These figures exclude the compensation the payment of which was enforced through the courts. The Committee have little doubt that but for the Indian Railways Amendment Act 1949, the business public would have never been able to recover this modestly large amount of compensation, however large may be the public frustration in this respect as pointed out in Answer 21 below.

(b) It is for the Railways to express their points of view in the matter.

**Q: 8. Quotation of freight on RR and OR basis :**

The present position of the Railways quoting in some cases freight only at Railway risk and sometime again only at owner's risk is, in the opinion of the committee, not only unfair to the business community but is also rather arbitrary. If two rates at Owner's risk are to be maintained in the freight structure of the Indian Railways, there cannot be an arguable case for quoting only the one or the other in the general frame work of freight quotations including the quotations of W. L. schedule rates. It is only in the case of special station to station quotation that the risk condition may be confined to one or the other. But for all normal quotations of class and schedule rates, each commodity should have the base of both the quotations indicated in the general classification of goods. There can be no economic justification, for instance of Caustic Soda, both according to class rates and W. L. schedule rates being quoted only on the basis of Railway risk. Similarly, there is no reason why the quotation of freight for coal needs be on the Railway risk basis alone. It is true that the quotation of rate on both the risk basis will not necessarily mean that both of these will be effective in the actual booking practice. But whether the one or the other basis be availed of by the public does not seem to be enough justification for the quotation being confined to one or the other basis alone. These observations relate both to class and W.L. schedule quotations.

**Q: 9. Difference in the basis RR & OR quotations :**

The Committee of the Chamber are most definitely of the opinion that where both RR and OR rates are quoted in respect of a commodity the difference in the basis of charge at any stage of the haul should not be more than .05 pie per maund per mile, or the basis of charge should be anything but the two consecutive class rates, the higher of course, being for the RR condition. In machinery, other than electrical, the general classification is 6 RR and 4 OR. The Committee are unable to endorse this large difference in the basis of charge under RR

and OR condition in the instance which works out to .11 pie per maund per mile for the first 300 miles, .10 pie per maund per mile for the second 300 miles and .08 pie per maund per mile for the subsequent haulage.

**Q: 10. Unification of risk condition :**

As may be inferred from the trend of the foregoing answers, the Committee would much rather prefer the abolition of owner's risk quotation of freight to the present position of arbitrary confinement of owner's and Railway risk quotations to particular commodities. But such preference, it must be distinctly understood, can only be thought of under one condition, namely, that there are at present two bases of charge, one under RR and another under OR, it is the latter which should take the place of Railway risk quotation as a uniform principle all along the entire structure of Railway freights. In the event of such an essential condition be not adopted the Chamber must be understood to be strongly opposed to the abolition of freight quotation on an exclusively RR basis.

Once the owner's risk quotation is abolished in the case of class rates the same principle of quotation on exclusively Railway risk must also govern the quotation of freight under W. L. schedule. The presumption seems to be mistaken that any variation in the conditions of traffic handling attached to wagon loads, made in favour of the public, would result in a large volume of traffic being offered in wagon loads at the expense of the traffic offered in smalls. If all Railway quotations are to be on the basis of Railway risk, such a quotation must underlie both the quotation of freights according to class rates as according to W. L. schedules.

**Q: 11. Position of excepted goods under unified risk :**

If the owner's risk quotation be abolished strictly under conditions attached to the proposal made by the Committee, the commodities in the "excepted" category must also be placed on the basis of freight quoted entirely under Railway risk conditions. Such an adjustment in the case of "excepted" category of goods does not mean, however, that for the purpose of Railway risk quotation the present effective rates for "excepted" category of goods should be increased.

**Q: 12. Public option of booking at lower rate under uniform risk condition :**

Once the principle of quotation of freight on the exclusive basis of Railway risk be accepted, the Committee of the Chamber would not favour any relaxation being made of such principle at the option of the public offering goods for booking. Indeed, if such opinion were to be permitted, the freight structure in effect would relapse into the present anomalous situation.

**Q: 13. Lower rates under relaxed packing-condition :**

For identical reasons set forth in the just-foregoing reply, the Committee do not favour any relaxation of packing condition either as such relaxation would enable

senders to book dangerous goods at rates more favourable than the nominal rates for this class of goods. The Chamber is opposed to concessional rates allowed in cases of relaxation of or defective packing condition. The code "OR" is now used to indicate two things, viz :—

- (i) that the consignments booked at owner's risk due to defective packing or non-fulfilment of packing conditions.
- (ii) that the freight charged has been at owner's risk rate, having no reference to the packing conditions.

The code "OR", therefore, indicates so many things; but the view of the Eastern Railway, as expressed in reply to the recommendation of the Zonal Consultative Committee, is that the booking at OR or RR depends on the rates applicable to the commodity and what the sender elects to do or does not depend on the fulfilment of the packing condition. The Chamber feels that the consignor often is compelled to book at OR or to consent to the defective condition being noted. The Chamber is of the opinion that the Railway should not accept any goods which do not fulfil the packing conditions.

**Q : 14. Contents of Forwarding Notes :**

The conditions laid down in the Forwarding Notes in Appendix A of the IRCA Goods Tariff No. 29 in accordance with the General Rule 22 marks a large improvement on the old Risk Notes contained in Appendix C of the old IRCA Goods Tariff laid down under the old General Rule 39. The Committee have no comments of any major character to make on the Forwarding Notes now in use.

**Q : 15. Modification of Packing Conditions :**

The Committee have no comments to make with regard to several standard packing specifications contained in Chapter IX of the IRCA General Goods Tariff No. 29. But this observation is made subject to remarks made in the just following reply.

**Q : 16. Enforcement and Relaxation of Packing Conditions :**

The Committee would suggest that the existing packing conditions which in some cases are stiff and involve undue costs to the users should be revised. Packing conditions should be enforced in so far as they form part of the general classification of particular goods. It is suggested that packing conditions should be prescribed after due consultations with the respective trade associations concerned and in so doing the normal trade practices and the cost of packing should be taken note of.

**Q : 17. (a) Development of a Warehousing system :**

The Committee of the Chamber have been informed that lack of storage facilities for goods prior to despatch and after delivery results in seasonal congestion of traffic at certain stations and causes considerable inconvenience and hardship both to the Railway Administrations as well as the

traders. They would therefore, suggest that the various trade associations be consulted for formulating schemes of warehouses specially for agricultural produce.

(b) The only kind of storage facilities which the Committee would recommend is the facility for refrigerated storage available in important cities of India in regard to certain fresh goods. Although such cold storage facilities should be located in the station premises, the Railways will be well-advised to allow private agency to operate such cold storage arrangements.

**Q : 18. (a) & (b) Legal Character of Railways' Responsibility :**

The Committee of the Chamber do not favour the continuance of Section 72 of the Indian Railways Act 1890 which limit the liability of the Railway administration for loss, destruction or deterioration of animals or goods to that of a bailee. It is an accepted principle in other countries that Railways should be treated as common carriers. Under the Carriers Act 1865 every common carrier is liable for loss, damage or non-delivery of goods entrusted to him for carriage and it is necessary for the plaintiff to prove that such a loss, damage or non-delivery was on account of the negligence of the carrier. It should be noted that the liability of the common carrier is made very nearly absolute whereas the liability of a bailee is extremely limited. When the traders entrust their goods to the Railways for carriage the goods are at the mercy of the Railways and their staff and it is but appropriate that the Railways should be held responsible for the safe carriage of goods. The trend of legislation in this country has been towards extending the liability of the Railway gradually. It is suggested that a fundamental revision in the law relating to the responsibility of the Railways is overdue now. The Railway Corruption Enquiry Committee have also recommended that the responsibility of the Railways should not be of mere bailee but partly also of an insurer. If the Railways are made the insurers of the goods which they carry it would also provide the much needed incentive for them to put their house in order and improve the conditions of carriage. They should also be made to undertake the responsibility for all the ordinary risks of damage to consignments.

**Q : 19. Measures for Prevention of Thefts and Pilferage :**

The Committee of the Chamber would suggest a special enquiry in regard to the following points :

- (a) The incidence of pilferage and theft in consignments booked at owner's risk as compared to those committed on bookings made at Railway Risk.
- (b) Whether the pilferage and thefts are found to have been more committed near about the station yards and transshipment points.
- (c) In how many of these cases of pilferage and theft which Government Railway Police have enquired into the members of the watch and ward staff, Railway Protection Police and the

Railway Police have been found involved.

- (d) The interval between the dates of commitment of the crimes and the dates of undertaking the police enquiry into these.

The Committee believe that if the enquiries are made more promptly and if investigations are directed in an effective manner to find out the culprits, and if exemplary punishments are meted out even to some may be found connected with such crimes, then the whole position may be considerably improved. It has sometimes been felt that the enquiries into claims in respect of pilferage and theft are actuated more to make out some grounds for avoidance of Railways' responsibility in the matter than to find out the real culprits for eradicating the evils.

### 1. Incidence of Pilferage and Indications regarding Location of Crimes.

It appears that the incidence of pilferage and thefts in transit of automobile spare parts, Tobacco, Cigarettes etc. have increased. As the police findings into the cases of thefts and pilferage are not made available to the claimants it is difficult to exactly locate the place of such crimes. The reports of members however, indicate certain areas where the crimes are suspected to be committed on an organised and regular basis. Some such places are :—

- (i) Places just outside the outer signals of stations.
- (ii) The gangs are operating on commission basis of one station but doing their jobs at the outer signals of other stations.
- (iii) At places just outside the Station Yards and at Railway sidings. It is found that in many cases, and packages stone chips, (which are usually stacked at the Railway sidings and stations) or coal, are put in the packages after the goods are removed from them. It is generally believed that thefts are committed near Goods and Shunting Yards.

### 2. Nature of Loadings wherein Crimes are Committed :

On enquiry, it is found that pilferage and thefts are committed both in respect of wagon loadings and bookings in "smalls." In the case of coal and coke the thefts are naturally out of wagon loads but in the case of cotton textiles, yarn, automobile spare parts, the crimes are committed on "smalls." In respect of cigarettes packings or booking of paper or tobacco, it is reported that thefts are committed more from consignments of wagon loads than from "smalls."

- (a) The railway yards should be secured either by walls or electrified fencings to prevent outsiders getting access to the yards and steal goods or break into wagons. The goods platforms should be covered and adequate storage facilities should be provided for.

- (b) The railway yards should be provided with adequate number of Watch & Ward staff with supervising staff to exercise strict supervision over the performance of the legitimate duties entrusted to the former and immediate disciplinary action should be taken against the staff involved in the commission of thefts and pilferage.

- (c) The shed staff should keep sharp look over the Railway coolies during the loading and unloading operation.

- (d) It is suggested that the question of re-organisation and integration of three sections of watches under a common code and stricter discipline and punishments should be seriously considered. It is reported that the total strength of the Government Railway Police is roughly 900 in West Bengal and the strength of the Watch and Ward Staff of the Railways is something like 5,000 in this area and the number of recently-introduced Railway Protection Police is stated to be roughly 800. The Watch and Ward Staff of the Railways are subject to discipline and punishment applicable to the Government Railway Police. The efforts of the newly appointed Security Adviser to the Railway Board would be eagerly awaited.

- (e) Locking of the wagons are sometimes found to be defective and while one side locked strongly, the other side is not equally locked. It is found that in most of the claims regarding shortages in wagon-load traffic the Railway report is the lock on one side was found tampered with in transit.

- (f) Investigations should be started by the Police more promptly whenever any defect in the locks of the wagons are found in any station and even before the claims are filed by the party concerned. On the contrary, it has been reported that enquiries have been referred to the police long after the commitment of the crimes. It has sometimes been felt that the enquiries into the claims in respect of pilferages and thefts are actuated more to make out some grounds for avoidance of Railway's responsibility in the matter than to find out the real culprits. The Committee believe that if the enquiries are made more promptly and investigations are directed in an effective manner and if exemplary punishments are meted out to some who may be found connected with such crimes, then whole situation may be considerably improved. There should be a time-limit for the investigating staff for completion of enquiries and report.

- (g) Exemplary punishment should be meted out to the delinquents and culprits.

- (h) Hold-ups of Railway wagons on the way should be avoided as far as possible, such hold-ups on the way are considered to provide wide scope for pilferages and thefts.



- (i) The Railways should be held responsible for pilferages and thefts wherever committed after the acceptance of the goods from the consignors until the delivery of the goods to the consignees. The officials of the Railways, Railway Police, Watch and Ward Staff, and the Railway Protection Police who may be found on enquiry to be responsible for any theft or pilferage should be held responsible and should be punished even to the extent of being held personally responsible for the value of the goods lost.
- (j) Special arrangements for guarding the transshipment points and notorious flag posts should be made.
- (k) Increase in the pay and allowances of the Railway Staff at lower cadres and improvement in the condition of service should be made.

**Q: 20.** It is for the Railways to furnish this information on this point.

**Q: 21.** *General remarks as to handling of compensation claims.*

As the Committee of this Chamber claim to have a fairly large number of handling these claims for compensation on behalf of individual members, they are emphatically of the opinion that in spite of the alteration of legal basis regarding the liability for meeting a claim for compensation, the dominant administrative practice is to repudiate most of the claims put forward by the business public. The typical reaction of a claim official on receipt of a claim is to make a short-cut for repudiating the claim outright without going into the facts and merits of the case and once repudiation has been conveyed to the party concerned, no further representation made at the Association level on a closer scrutiny of the facts go to displace the claims official from the position they had already taken up. The perfunctoriness with which claim cases are dealt with can be realised from the fact that even when an interview is arranged by a merchant with a claim official by prior appointment and the former presents himself at the appointed hour and date before the latter, the claim papers relating to which discussion is to take place are found to be missing. There is too much reliance by the responsible officials on the subordinate staff in deciding admission and repudiation of the public claims for compensation. The one reason why the tendency for repudiation is so extensive is that the claims staff are anxious to maintain a speed record for the disposal of claims cases and the quickest way of disposing a thing is to repudiate it as resourcefully as possible with reference to some preliminary technical ground and this failing, on such other excuse as "theft from running train". The suggestion, therefore, which the Committee would put forward in connection with the disposal of claim cases are as follows:—

- (1) The appointment of a suitable staff of responsible officials to go into each case in their own responsibility and with power to use their discretion in so far as useable within the limits of law and creditable facts.

- (2) A system of removal of officials on the ground of inefficiency should be introduced whereby the allowance of a claim by a court in reversal of the previous decision of a claims official should be treated if repeatedly occurring as a mark of inefficiency on the part of the official concerned.
- (3) Some standard forms should be prescribed for admission of Railway Claims for all accounts. There are such forms in respect of claims below Rs. 200/- at present when claims are sent through Station Masters.
- (4) A small pamphlet should be compiled and printed in all important languages by the Railways themselves and be sold at a nominal price. This pamphlet should indicate rules and regulations relating to the methods of procedure for submission of claims and the laws and rules guiding the settlement of such claims.
- (5) A fresh circular should be issued to all the Officers concerned to scrupulously carry out the instructions regarding the time limit for acknowledging receipt of the letters of claims and regarding the recording of such letters in special Registers.
- (6) In cases of running train thefts, the copies of the telegrams issued for investigation of cases should be supplied to the parties concerned. The question of supplying the police Report to the parties should be considered by the Railway Administration in consultation with the Railway Police.
- (7) A fresh circular should be issued to all Officers concerned to ensure that the rule regarding submission of the "Missing goods Return" by destination station within 7 days from the date of the delivery of the goods are strictly adhered to.
- (8) Fresh circulars should be issued to all Station Masters and other officials concerned to follow the existing rules regarding refunds of overcharges and excess freight resulting from error in rates, classification, or arithmetical calculations. It is complained that rate circulars and corrigenda to different Tariffs are not always received in time by the Station Masters. It should, therefore, be ensured that these difficulties of the Station Masters are removed forthwith by prompt issue of Rates Circulars etc.
- (9) The orders repudiating Claims should be fully explanatory and reasons should be given therein in as much details as possible. The reasons for accepting a lower amount of claim than preferred should also be given in detail.
- (10) The time limit for the claims Inspectors for the submission of Reports should be 10 days and in case of delays, suitable explanation should be called for by the higher Officers. There should also be a time

limit fixed for completion of enquiries by the Police and this should be taken up immediately by the Railway authorities with the Police.

- (11) Instructions should be issued to all stations to ensure that short certificates are issued promptly. The present form of short certificate issued should also be printed on better paper and in bigger size.
- (12) All claims should be settled as far as possible within two months from the date of filing the claims and in any case not exceeding 12 months.
- (13) The list of Stations at which the Station Masters are authorised to hold inspections themselves for assessment of damages and shortages before removal should be re-examined in consultation with the members of the consultative Committee & of the Chambers of Commerce. It is stated that such inspections are to be held under the existing Rules and within a period of 5 days for non-perishable and within a day for perishable.
- (14) The rules regarding repudiation of claims in respect of combustible commodities should be re-examined by reference to the technical Experts and these should be framed in more specific terms after thorough examination of the matter by the Experts about the spontaneous combustibility of different commodities.
- (15) All claims regarding damages where external signs are visible at the time of delivery, and when there is no noting regarding damages on the Railway Receipts, should be accepted and the present rule regarding this should be more uniformly adhered to. The rules regarding the repudiation of the claims on account of damage on grounds of adherent vice should be made more specific for perishable commodities particularly susceptible to deterioration or decomposition by themselves. Claims in respect of fresh fruits etc, should be accepted when there is evidence of rough handling.
- (16) The existing Rule regarding the acceptance of claims on account of wet damage caused by the use of unclean leaky and defective wagons and on account of open sheds and godowns, or leaky therein should be more uniformly adhered to.
- (17) The existing Rules regarding acceptance of claims for damages caused by the use of hooks should be more strictly followed.
- (18) In case of damages caused to goods of a damageable nature due to the use of open trucks at the initiative of the Railways or where the consent of the senders for such use is not quoted on the Railway Receipts, the claims should be accepted. Open trucks should not be used for carriage of such damageable goods except under very special circumstances.

(19) The decisions of the High Courts in claims cases should be compiled and the principles enunciated therein should be circulated among the relevant officials for their guidance.

(20) Cotton piecegoods bales should not be accepted by the Railways at Railway Risk if packing conditions are not fulfilled in which case the Railway Receipt should indicate O. R. Once such bales are accepted at O. R. claims should not be repudiated subsequently for non-fulfilment of packing conditions, unless on open delivery it is found that the packing condition was not fulfilled at transhipment points.

(21) The powers of the Station Masters to settle claims may be increased from Rs. 50/- to Rs. 100/- and the ceiling limit for settlement of claims pending the concurrence of the F.A. and C.A. O. may be increased from Rs. 1000/- to Rs. 5,000/-.

(22) Rule 4 of the standing order 161-11 provides for open delivery when there are distinct signs "of damage or pilferage". The open deliveries should be obligatory when there is "reasonable suspicion" about damage or pilferage. Further, in case of difference of opinion about the reasonableness of the suspicion the wishes of the consignee should prevail though a fee may be charged at the rate of Re. 1/- per case or package in such cases. When the Railways give such open deliveries "without prejudice" they would not be undertaking any obligation by giving such deliveries while such open deliveries in all suspicious cases may be helpful to the consignees to get their claims from either the seller or from the Insurance Companies.

(23) Rule 30 of the IRCA Goods Tariff No. 28 which *inter alia* absolves the Railways from the liability to damages in respect of goods not removed from the Railway premises at the destination within the time allowed for such removal free of demurrage and wharfage should be forthwith amended. Such removal may not be possible for various reasons and the penalty for failure to remove within the free time is demurrage and wharfage and the question of payment of damage can in no wise be linked up with the requirement to remove the goods within free time.

### PART III

#### Q : 1. (a) *Jurisdiction of the Rates Tribunal :*

In the opinion of the Committee of the Chamber, Section 41 of the Indian Railways Act exhaustively defines the jurisdiction of the Railway Rates Tribunal in so far as complaints may be made by the public. There is, however, a small gap in this connection which remains to be covered and it is this—that while the Central Government has notified an increase of freight by a surcharge either with regard to all commodities or a class of commodities

or a particular commodity, or is understood to be contemplating such an increase, a complaint made by any recognised business group may be made to the Tribunal and shall be cognisable by the Tribunal, if necessary on the verification of such a complaint on reference to the Central Government. The fiscal needs of the Government are likely to prove so compelling in the near future that in the opinion of the Committee, specific provision should be made within the scope of section 41 in order that the fiscal needs of the Government may not distort the freight structure of the Railway Administrations. Subject to the observations made under sub-paragraph (c) below, the Committee do not consider that section 42 of the Railways Act calls for any widening of the functions of the Rates Tribunal.

- (b) With a view to ensuring maintenance of high public confidence in the functioning of the Tribunal, the Committee would not desire that the power of initiating an investigation should be conferred on the Tribunal. It is a fair presumption to make that in all suitable cases a watchful and alert business public would initiate a complaint before the Tribunal in so far as the subject matter thereof is cognisable by them.
- (c) The Committee of the Chamber are emphatically opposed to any narrowing of the jurisdiction of Rates Tribunal as laid down under section 41 or in limiting their functions as laid down under section 42 except to the extent of such amendment of the latter Section as may be called for in the light of observations made in the just following paragraph.

**Q : 2. Central Government's power of reclassifying goods.**

The Committee recognise the weight of the anomaly brought out in this question—namely that as Section 42 (1) and 42 (2) stands, the fiscal pressure on the Central Government may thinkably result in a situation where Government may be constrained to increase the class rates all along the line without their intending so to do. And even though the Committee in sub-paragraph (a) of the previous answer has provided for a complaint against such action being made cognisable by the Rates Tribunal, it is still necessary that Government should not find themselves so embarrassed as to take a general action in increasing all general class rates. Accordingly they would suggest that the exclusive power conferred on the Tribunal by sub-section (1) of Section 42 to re-classify a particular commodity into a higher class should be withdrawn provided, however, the suggestion made by the Committee in sub-paragraph (a) of the previous answer is accepted by the Enquiry Committee. In the event of such a suggestion be not acceptable, the Committee would suggest that the power conferred on the Central Government by sub-section (2) of Section 42 to increase the class rates should be withdrawn.

**Q : 3. Modification of Law Consequential to Government's New Power.**

The cumulative effect of the preceding two answers resolves themselves into an acceptance by the Committee of the Chamber of the position as suggested in this question, namely, that the Central Government should have the power to re-classify goods but such classification can be made the subject of complaint by the business public concerned. The point, however, which the Committee would desire to make is that it is not only of the action already taken by the Central Government but also of anticipatory complaint duly verified on reference to the Central Government which should be taken cognisance of by the Rates Tribunal.

**Q : 4. Rules of Procedure of Rates Tribunal :**

In the opinion of the Committee, the Rates Tribunal should have no more formal procedural code than what is observed by the Tariff Commission in this country. The Committee would point out in this connection that owing to such an elaborate procedure requiring strict adherence to the Evidence Act, the business concerns, by and large cannot afford to file any complaint before the Tribunal, as they have to engage big lawyers to argue their cases.

**Q : 5. Delay in disposal of Complaints by the Tribunal :**

The delay in disposing of claims by the Rates Tribunal is notoriously long. The reason is the appearance before the Tribunal of highly-paid professional lawyers employed by the Railways and consequently also by the Complainant parties.

**Q : 6. Cause of delay in the Disposal of Complaints :**

The reason of high costs of the proceedings before the Tribunal has already been anticipated in the previous answer, namely the briefing of professional lawyers of high standing. Other causes are the number of adjournments in the hearing of the complaint and prolongation of hearings from day to day on matters which do not always bear on the facts of the case. The only remedy which the Committee can think of is that professional lawyers should not be allowed to appear before the Tribunal on behalf of either party, except by the consent of the other.

**Q : 7. Reasons of Non-representation by parties themselves :**

Here again, the reply of the Committee has been anticipated namely, employment by the Railway Administration of highly paid eminent professional lawyers. As a brief for their defence the other party has also to do the same. Besides this, the Tribunal is not having its sitting where the parties concerned could reach there easily and this causes unnecessary waste of time and money.

**Q : 8. Qualification for Membership of Tribunal :**

The Committee are frankly sceptical of the qualifications which have hitherto been considered suitable for appointment as a member of the Tribunal. The Chairman has

always been a member of the judicial service or of legal profession. The Committee do not consider such an experience entitles a person to take competent view of the nature of the complaints which are cognisable by the Rates Tribunal. At least under Indian conditions, knowledge of working of the Railway transportation is not widespread and as such, it is only a person with abundant background of Railway transportation who should be called upon to preside over the Railway Rates Tribunal.

**Q : 9. Size of the Membership of the Tribunal :**

The Committee would not suggest any increase or decrease.

**Q : 10. Present composition of the rates Tribunal :**

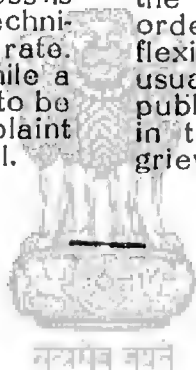
In the opinion of the Committee the present system of constituting a Railway Tribunal composed of one permanent Chairman and of two Assessors, one drawn from two panels one representing the trade and commerce and the other representing the Railways, is far from satisfactory. The Tribunal should consist of all permanent members and apart from one member with judicial background or legal training, the rest of the members including the Chairman should be persons who should have a clear understanding of the functioning of Indian Railway Rates Structure and other related matters. It does not follow that a person connected with the trade or business is necessarily competent to judge on a technical level the operation of a particular rate. Nor is a Railway representative while a Railway servant, can be regarded to be unbiased in taking a view of the complaint made and argued before the Tribunal.

**Q : 11. Bifurcation of the Jurisdiction of the Tribunal :**

The Committee of the Chamber are opposed to a bifurcation of the present function and jurisdiction of the Rates Tribunal.

**Q : 12. Judicial character of the Tribunal :**

The Committee do not find enough reason for abolition of the judicial character of the Tribunal, on the ground that the ownership of all the Railway system is now vested with the Government. The Railways being a large business undertaking although of a very specialised character, it is essential that under conditions of State ownership, there should be a judicial safeguard against political pressure made on the Railways to serve exigencies of current national situation. The Committee accordingly, while welcoming that procedurally the Tribunal should be aligned to the Tariff Commission, are unable to accept the view that the decision of the Tribunal should not be absolutely binding on the Government. In the event, however, the view be taken that absolute judicial character of the Tribunal is not reconcilable with the flexibility of procedure of the Tribunal, which the Committee have in a previous answer so strongly advocated, they would in that circumstance be satisfied even with the advisory character of the Tribunal in order that its procedure may be sufficiently flexible and informal in order to suit the usual method adopted by the business public in contacting Government agencies in their effort to seek redress of their grievance.



## National Chamber of Commerce

Tinsukia (Assam)

### GENERAL

We like that the following points be noted by the Committee :—

- (a) The freight structure ranks next only to the shortage of wagons.
- (b) The regular movement of transport depends upon the stable means of transport and in this State, Assam link, which is the life line of this State, remains out of gear for 3/4 months in the year and a complete dead-lock exists.
- (c) We further like to say that the goods shed facility at important booking stations should be augmented.
- (d) A time limit should be fixed both for parcels, smalls, and wagon loads within which they should be carried to the destination. Non-arrival of consignments in this State has become a regular feature.
- (e) A separate chapter should be added in the Goods Tariff laying down a clear procedure for the booking of goods so as to guide the public regarding restrictions and quotas.
- (f) A time limit should be fixed for settling Claims and machinery for arbitration should be introduced.
- (g) Change of destination in the registration should be allowed as far as possible if no allotment is made for 10 days.
- (h) For the calculation of wharfage, demurrage, etc. Sunday and important Postal holidays should be observed as non-working days and the liability should also be fixed up on the Railway Officials for the undue detention of wagons. Isolated instances have come to the notice of this Chamber where wagons after arrival at destination have been

detained for more than a week for placement.

- (i) Freight brokers should be appointed at all important Stations to facilitate loading and unloading operations.
- (j) Better supervision at transshipment points should be arranged to minimise claims and quicker arrival of consignments at destination.
- (k) Additional rail link to Assam is advocated in view of the fact that existing link remains out of gear for 3/4 months each year.
- (l) Assam is the most neglected State in the matter of Rail Transport and particular attention should be paid on this point.
- (m) In the end we like to stress again that inadequacy of transport facility for import of goods in this State is complained by the Mercantile Community and Industrialists alike and we therefore urge upon stable means of transport with adequate number of wagons and power.

#### PART 1-A.

Q: 1. (a) Generally the revised general Classification of goods of 1948 has proved beneficial to the trade and industry. But there are here and there a few isolated cases where it has not achieved the desired result, viz., Casein which is placed in Classification No. 10 is a raw material for Plywood factory and the higher rate is always a source of anxiety and hindrance to the growth of Plywood Industry. Placing of Cement in Classification No. 3 has not proved beneficial and helpful to the housing industry. It still needs to be lower down further.

(b) The principle of telescopic rate on the continuous mileage of different railways has proved helpful to the trade and industry.

(c) The revised freight structure is not advantageous for short distance traffic. The overhead expenses for the short distance traffic including cartage to the Station, loading and unloading and cartage from Station to Godown are excessive than compared with the Road Transport for short distance. The various formalities for Rail Booking discourage the use of Rail for short distance.

Q: 2. (a) & (b) Left for further investigation.

Q: 3. (i) The class rates to be reduced, wagon rates scales seem to be adequate.

(ii) (a) & (b) For want of necessary statistical data, it is not possible to quote the rates.

Q: 4. The principle of charging for 1500 miles should be extended to wagon loads scales to avoid wide disparity in prices in the country. The time taken for the movement for longer distance may be curtailed by introducing express Goods Train.

Q: 5. (i) Terminal and Transshipment charges should be done away with.

(ii) Short distance charges may be continued to be levied. There should be

uniform short distance charge which may be adjusted from the Pool.

Q: 6. No. Actual mileage charge improves.

Q: 7. No.

Q: 8. Haulage charge on empty tank wagon should not be charged.

Q: 9. Classification of certain commodities should be changed to suit their respective conditions, viz., Cement should be placed under Classification No. 1 instead of No. 3 at present. Sugar should come under Classification No. 2 from Classification No. 4 and Casein should be placed under No. 3 from No. 10 &c., Atta and Flour should be placed with grains and pulses.

Q: 10. We want the Classification to be reduced to 10.

Q: 11. There should be a difference in the levy of charges on the small and wagon loads and the existing levy rates are quite suitable.

Q: 12. Status Quo.

Q: 13. (a) The minimum charge of Re. 1 per consignment of small does not require any revision.

Q: 14. The minimum weight to be carried by goods train should be 10 seers.

Q: 15. The present procedure seems to be on rational basis.

Q: 16. (i) No.

(ii) No.

(iii) Yes, a special rebate is proposed for consignors loading to the maximum capacity of the wagon beyond the limited weight so as to encourage loading to the fullest extent.

Q: 17. No. The system of introducing train load rates will not prove beneficial to Railways, Trade and Industries.

Q: 18. There should be no additional charges for the Express Goods Services.

Q: 19. The existing charge for supplying crane for loading and unloading heavy consignments should be maintained and the facility should not be restricted but this should be extended.

Q: 20. Not attempted.

Q: 21. (a) Railway should not refuse to carry short distance traffic as there will be danger of road operations monopolising the trade.

(b) Rates for short distance traffic are already on the increase and there should not be further increase on the same.

(c) The remedy lies in the Shipping Companies reducing the rates rather than to bring changes in the Railway rates.

Q: 22. The rates including the overheads for the short distance traffic are in most cases excessive than the rates charged by road.



Q: 23. We advocate freight Pool for Cement and Controlled Iron and Steel materials. These materials are necessary for the development and are still under control and a uniform rate throughout the country will avoid the disparity in the controlled prices.

Salt: There should be also freight pool for Salt. This is the most essential necessity of life.

We do not like that the traffic moving for a minimum distance should be excluded from this freight pool.

We support freight pool for Cement, Salt, Iron & Steel materials and not for other commodities.

Q: 24. Yes, we do advocate a uniform pool freight rate on raw jute.

Q: 25. The freight pool should be worked out by the Government Agency in co-operation with the Railways.

Q: 26. We have already suggested some modification in the Classification of goods but the real economic progress of the country needs wagons to move goods and the freight structure is the next only to the shortage of wagons. The Assam Link is the lifeline of this State and the Air route is beyond the means of the common people. The progress of this State depends upon adequate transport facilities. Broad Gauge line should be extended to Assam.

Q: 27. Not attempted.

Q: 28. Do not maintain any records.

Q: 29. The introduction of telescopic rate on the continuous mileage on the different Railways has proved beneficial.

Q: 30. The other methods for export promotion should be employed, viz., increase or decrease in export duty and other taxes on that particular commodity. The uniformity in the Railway freight rate should be maintained.

Q: 31. Yes. The rate policy should not be based only on the consideration of the economic transportation and needs of the Railway Finance but should also be based on political consideration and strategic position &c.

Q: 32. To impart incentive to new industries consideration of Rail Freight should be shown.

Q: 33. Freight rate should carefully be used as a means to help the growth of new industries.

Special consideration needs to be shown for the economic development for the undeveloped area.

Q: 34. Agreed for charging on the basis of inflated mileage for a limited period.

Q: 35. The economic and industrial development of the country depends upon making the rail transport available. Power and Wagons should be increased to cope with the increase in demand. If Railways carry increased traffic they will be immensely benefited financially and otherwise.

Q: 36. Better passenger amenities, bath-room on the Stations, Platform, better catering arrangements both at Station and

Train, lavatory arrangements at station are considered essential.

Q: 37. Consideration should be shown for the Village and Cottage industry products to encourage the development of Village and Cottage Industries.

Q: 39. We recommend for a very slight increase in the Coal freight rates as it is carried on a special rate basis. The rate should not be increased to hamper the growth of trade and industry.

Q: 40. The financial stability of the Railway in the 2nd Five Year Plan can well be maintained by increasing the transport capacity of the Railways. The Railways are incurring no losses at present and additional capacity if so developed will improve the position of the Railway and will facilitate the growth of industry and trade. The Capital Expenditure for the extension of New Rail Line will not prove a matter of loss to the Railways. We do not consider the point, that rates for Grains, Pulses and Iron materials are unremunerative to the Railways. There will be increase for both high rated traffic as well as low rated traffic.

Q: 41. Stable Railway freight rates should prevail for commodities which are exportable.

Q: 42. There has been changes in the pattern of traffic in the Post-War period:—

- (a) Quantum has increased enormously.
- (b) Direction has also been affected viz., most of the traffic coming to Assam are mostly carried by Steamer Companies due to inadequate capacity of the Assam Link.

Q: 43. As a whole the freight policy adopted in 1948 has not proved detrimental to the interests of the Trade & Industry.

Q: 44. The prices are mainly quoted F.O.R. forwarding Stations and only in very rare cases prices are quoted F.O.R. destination.

Q: 45. In Assam the element of Railway Freight is considerably affecting the various direct requirements of consumers like Chemical Manures.

Q: 46. Petrol and Petroleum products are expected more to be exported from this State.

- (a) The import of coal to this State is becoming less and less.
- (b) Movement of tea chests from Calcutta to Assam has changed the course and Assam is producing at present most of the requirements.
- (c) Jute is exported to Calcutta from Cachar, Darrang, Goalpara and Nowgong.
- (d) Rice production has increased but the production is not sufficient to meet the increased demand.
- (e) Import of Consumer Goods will considerably increase in the State in view of the increase of population and the higher standard of living.

Note:—All the above information are in relation to Assam.

Q: 47. Warehousing facilities recommended.

Q: 48. Industrial development in the 2nd Five Year Plan by the Private Sector will not be much encouraging in view of the fact that no incentive is offered by the State Government. Most of the time of the executive Officers of the existing industrial concerns are rather spent in arranging transport and chasing wagons. The essential demands like Cement and C. I. Sheets for the existing building and industrial units are not met.

Q: 49. No tangible effect will be seen in our region.

Q: 50. No.

Q: 51. The State Government is proposing to start Sugar, Jute, Cement and Paper industries in this State, none of which exists at present.

Q: 52. If the above industries come into existence the imports in the State will be lessened of these commodities but there will be demand for import of Capital Goods for a limited time which will hamper the movement of existing traffic if the transport capacity is not immediately increased.

Q: 53. Do. do. do.

Q: 54. The basic principles to be observed in framing the Railway Freight Structure are price of the commodity, the use of the commodity, nature and the space occupied.

Q: 55. The present freight structure simplified by lowering the classification of goods and our suggestions are mentioned in the covering letter.

#### PART I-B

#### ANNEXURE VII

#### Principal grades of Coal and Coke and Products of Mines

	Year.	Production Coal.
1.	1938/39	239,681 tons
	1947/48	268,304 "
	1952/53	344,377 "
	1953/54	340,047 "
	1954/55	322,672 "
2.	Price per ton f. o. r. Colliery— Coal.	
1947/48	Rs. 20-0-0 *	* upto 30—6—48
	Rs. 23-8-0 **	** from 1—7—48
1952/53	Rs. 23-8-0	
1953/54	Rs. 23-8-0	
1954/55	Rs. 23-8-0	
3.	Nil.	
4.	Not available.	
5.	Nil.	
6.	Nil.	
7.	Does not arise.	

#### PART II

Q: 1. (a) In all cases the alternative owners' risk rates are not available. Where the owners' risk rate is available the traders (Importers) of Assam often prefer railway risk rate but at present more than 50% goods are booked at owners' risk rate.

(b) Traders prefer to book textiles, breakable articles like glassware, musical instruments, Asbestos Sheets, at high railway risk rate.

(c) Yes. There has been changes in the practice and people now are quite

sensitive to the railway risk rate and owners' risk rate and they now avail these rates whatever they consider best according to the circumstances.

Q: 2. (a) Traders resort to private Insurance Companies as claims by the Insurance Companies are paid more quickly than the Railways. Even insured claims are not paid by the Railway within reasonable time. Traders resort to insurance in case of smalls, luxury goods, textiles. They do not resort to insurance for wagon loads consignments. Smalls are mostly insured in view of the fact that these are lost and delayed en-route.

(b) Machineries are insured at 1% against breakage.

Textiles are insured at -/4/-to-/6/-% against theft, damage and pilferage etc.,

Luxury goods are insured upto 3% against breakage.

Asbestos sheets are insured at 3% against breakage.

Gramophones are insured at 1% against breakage.

Note:—The rate of premium varies from -/4/-to 3% as per example given above.

(c) On account of indifferent attitude of Railway in payment of claims even if booked at Railway Risk Rate there has been a shift to private insurance companies when compared to the period of 1945-50. Following risks are covered mostly.

(i) Breakage for Glasswares, Asbestos and Machineries.

(ii) Damage for luxury goods.

(iii) Theft and pilferage for textiles.

Q: 3. Only a small portion of goods are covered by private Insurance Companies. There has been a shift in favour of Private Insurance Companies as compared with the period 1945/50, i.e., Asbestos Sheets, Glasswares, Machineries, Textiles for loss, breakage, pilferage etc.

Q: 4. (a) The quantum of compensation of claims has increased but the percentage decreased in relation to claims preferred. The increase in claims has been noticeable in all commodities particularly Foodstuffs, Textiles, Cigarettes etc.

(b) The traffic has almost increased by at least 100% and the prices have also increased by no less than 100%.

Q: 5. (a) (i) Theft and Pilferage	...	42%
(ii) Misdspatch	...	5%
(iii) Deterioration due to delay in transit	...	6%
(iv) Fall in prices owing to delay in transit	...	1%
(v) Damage to consignment due to rough handling and rough shunting	...	2%
(vi) Leakage and damage due to wet	...	5%
(vii) Any other well defined cause (NON-DELIVERY)...	...	39%
Total	...	100%

(b) &amp; (c)

Particulars	Nature of Claims	Value of claims preferred	Percentage of claims settled in relation to the claims preferred	Claims rejected
1	2	3	4	5
(i) Theft and Pilferage ...	42%	42%	50%	50%
(ii) Misdespatch ...	5%	5%	40%	60%
(iii) Deterioration due to delay in transit	6%	6%	Only 10% claims are paid for Perishables	90%
(iv) Fall in prices owing to delay in transit	1%	1%	2%	98%
(v) Damage to consignment due to rough shunting and rough handling	2%	2%	1%	99%
(vi) Leakage and damage due to wet	5%	5%	10%	90%
(vii) Any other well defined cause (NON-DELIVERY)	39%	39%	80%	20%

Note:—There is indifferent attitude on the Claims Department in admitting claims and initially they refuse to attend correspondence, on pressure being exerted they explore possible means or excuses to reject the Claims.

Q: 6. The claims are generally rejected for tobacco, and average shortage in less than 10% in Sugar and other foodstuffs. The Claims are also rejected for cement, roofing sheets which are often broken, for the shortage of coal in open wagon. No data are available in regard to the value of claim preferred in respect of each of these commodities.

Q: 7. (a) In spite of amendment the benefit is practically nil and amendment is more or less a dead letter in law for it is impossible for the parties to prove negligence or even misconduct because the enquiries are always made by the authorities who are usually biased against the claimants. The full benefit should be extended to the claimants.

(b) The provisions have not operated to the disadvantage of railways but we advocate the narrowing the differences of Railway risk rate and owners' risk rate to the extent of cost of insurance of each class of goods. Perhaps it would be a good thing for railway to provide an insurance fund and operated in a manner of insurance companies. In that case perhaps the railway risk rate would be preferable. Railway risk rates would be preferred if Railways agree to accord prompt settlement of such cases.

Q: 8. We consider the abolition of owners' risk rate and suggest extensive use of the Railway Risk Rate for all commodities whether for smalls or wagon-loads.

Q: 9. We have already suggested that the number of classification of goods should be reduced to avoid this wide disparity.

Q: 10. We advocate the extensive use of Railway Risk Rate for almost all commodities and also reduction in the number of classification of goods.

We also want the railway risk rate for the wagon loads except traffic moving in bulk consignment in open wagons.

Q: 11. Yes. The excepted articles should also be booked at Railway Risk Rate and this should be removed from owners' risk rate classification.

Q: 12. No. We want the railway risk rate to be applied all through except for bulk consignments in wagon-loads.

Q: 13. No. The packing conditions should be adhered to, to avoid damage to other consignments.

Q: 14. The provisions under Section 72 of the Indian Railways Act are satisfactory.

Q: 15. Packing conditions, now prescribed are too rigid and this should be thoroughly overhauled for the purpose of relaxation of the packing so that the makers can easily fulfil the same.

Q: 16. Yes. We suggest compulsory packing conditions of consignments after relaxation of some of the rigidities now prescribed. The compulsory packing condition should be applicable for textiles.

Q: 17. (a) Yes. The warehouse facilities are considered essential prior to despatch and after delivery. Private firms as Clearing and Forwarding Agents providing these facilities are grossly inadequate and inefficient.

(b) We recommend a scheme to be taken in this direction by Railway itself.

Q: 18. (a) The liabilities of the Railway should be that of like other carriers which are governed by the Carriers Act. The railway besides being a bailee should be insurer of the goods carried by them.



(b) We do advocate change and the extent of the risk should be same as of other carriers.

Q: 19. The remedies to check theft and pilferage are as follows:—

- (i) Quick transit of goods.
- (ii) Immediate delivery on arrival at destination.
- (iii) Not tampering the original seal of the wagon in transit.
- (iv) To send smalls in wagon loads as far as possible.
- (v) To have security police with the goods train.
- (vi) To have more stricter supervision at transshipment points.
- (vii) Surprise visit by the superior officers in the yard and goods shed.
- (viii) Formation of advisory committee with some trusted persons from the commercial community and

with senior railway officials, with power to enquire and report.

Q: 20. The Railway will pay about 30% more if they are treated as common carriers. Running train thefts are common in case of smalls. The incidence of running train thefts is high in respect of textile goods.

Q: 21. The general observations are that the claims are not generally admitted and full compensation is never paid. There is always difference in the amount of claims preferred and the amount of compensation received even in genuine cases. There is abnormal delay in settlement of claims and these are not well attended.

### PART III

Q: Nos. 1 to 12: This Chamber is not aware that any parties in Assam have applied to the Rates Tribunal and with regard to the detailed procedure of this Tribunal, hence we do not offer any opinion on this subject.

## Eastern Assam Chamber of Commerce

Dibrugarh

### PART II

Q: 1. (a) & (b) Since the Railway risk rates are higher than the owner's risk rates the traders prefer to book such goods as are more likely to be damaged during transit at R.R. rates. These are cloth, roofing and building materials made of asbestos and all fragile articles.

(c) Since there is no data kept at this end it is rather difficult to ascertain as to what extent the change has taken place but as far as is possible to adjudge from the sources available one can safely say that the traders have become fully aware of the advantages of one over the other and whenever it is left for them to choose between Rail Risk and owner's risk they do utilise their discretion to the best of their advantage.

Q: 2. (a) Traders always prefer to bank on Insurance Companies rather than the Railway in case of smalls the reasons being Railway's inadequacy to settle claims in time.

(b) Private Insurance covers such risks as theft, pilferage, damage and rates vary slightly but the undernoted rates are generally the standard rates.

Machineries	... 1%
Textiles	... -/4/- to -/6/-
Luxury	... upto 3%
Asbestos building materials	... 3%
Musical instruments	... 1 to 3%

(c) Due to non-availability of statistics it is not possible to indicate the exact extent of this shift but still one can safely assert that the bulk of the traffic is insured privately for such risks as theft, pilferage, damages etc.

Q: 3. Almost everything that is booked at O.R. rate and that is likely to get damaged, lost or pilfered enroute is covered by Insurance Companies.

Q: 4. (a) In the quinquennial periods, 1940-45, 1945-50 & 1950-55 since there has been a marked increase in the number of tons transhipped by rail it has resulted in an increase in claims due to more pilferage, breakage etc. but on the whole there does not appear to be any marked increase in the percentage of the claims paid by the Railway. The commodities are perishables besides all other consumer goods.

(b) The traffic, as already stated some where above, has certainly increased and the consumer goods prices have alone gone up by almost upto 400% in certain cases.

Q: 5. (a) (b) & (c) The most competent source to impart this knowledge is your various Claims Depts., as it is highly improbable that individuals or groups such as ourselves would be keeping any statistics of this nature. But, nevertheless, we can surely put forward to you the reasons why the traders get most indignant while dealing with Railway's claim Depts. and that is that

after dealing with the Railway Claims Depts. one would get the impression that either the Railway is very extremely reluctant to entertain the claims or they are under definite instructions not to enter into any correspondence with any claimant unless extra-ordinary pressure is borne over the issue whereby they be compelled to do so.

Q: 6. Perishables and foodstuffs are the main commodities besides building/roofing materials and coal where the claims are generally turned down.

Unfortunately, no statistics are maintained at this end, so it is not possible for us to ascertain the exact percentage of the value of the claims preferred.

Q: 7. (a) Though the contention of this Amendment Act of 1949 is most praiseworthy, since the enquiries to ascertain negligence on the part of the Railway personnel are also conducted by such people as colleagues by virtue of being in the same organisation they are inclined to protect their fellow-workers even if a negligence does occur. The result being the claimant going without any benefit whatever.

(b) Financially, the balance sheets of Railway alone can show as to what effect these provisions have had, but we certainly recommend that the difference between Railway Risk and O.R. rates be reduced and we also recommend that the Railway Claims Dept. be given a thorough overhaul besides considering operation of a separate Insurance Organisation run, manned and financed by the Railway solely for the purpose of insuring goods transported by Rail.

Q: 8. We suggest that a separate Organisation be created to insure all goods transported by rail and then also to deal with the matter of settling claims arising due to the usual reasons.

A complete abolition of the O.R. system, of course, will be necessary.

Q: 9. In view of our above opinion this question loses its weight.

Q: 10. This has already been answered above.

Q: 11. This also becomes non-applicable in view of the above.

Q: 12. We do now agree with the view contained in this question and suggest that Railway should book goods at its own risk.

Q: 13. Certainly not. These packing conditions should strictly be adhered to otherwise it is likely that a flame caught by an ill-packed consignment of any inflammable

substance like Varnish, Match Boxes, etc., causes a disastrous hazard.

Q: 14. For the time being the provisions of Indian Railway's Act, 1890, section 72A are quite satisfactory.

Q: 15. In this connection it would be better if manufacturers of consumer goods and importers of machineries are consulted instead of traders because in our opinion their suggestions would be more valuable.

Q: 16. We suggest a compulsory packing condition for every commodity be evolved and enforced as it would then be easier to entertain claims.

And we are also inclined to believe that a compulsion of adhering to a standard packing procedure would greatly lessen the claims usually filed for pilferage or damage.

Q: 17. (a) It would certainly be to a great advantage of the Railway to have warehouse facilities available at busy stations so that the goods can be off-loaded from the wagons and wagons are kept rolling instead of the present practice of keeping a wagon blocked and then charging demurrage to the consignor or consignee in case of delay. At present various Clearing & Forwarding Agents are undertaking ware-housing jobs.

Q: 18. (a) & (b) Especially after nationalisation of the Railways, it would be quite an appreciable thing if the Railways would also become insurers of the goods carried by them as it would enhance the profits besides causing various processes to be involved which will automatically bring about efficiency in way of the handling of the goods and lessening the bulk of claims etc.

Q: 19. The Railway should come out with effective measures to be able to assume full responsibility of the liability. But the only idea that appears to be of any value is that the Railway Watch & Ward Dept. be managed by highly paid staff sufficiently strong in numbers and with military background and that this Dept. be made to work in co-ordination with the Claims Dept.—in fact be given some power of interference with the Claims Dept. and its working processes.

Q: 20. Unfortunately no records are maintained, so we cannot give any figure.

Q: 21. The most striking fact about the claims Dept.'s working is that it is very extraordinarily sluggish.

We have yet to come across an instance where a claim has been attended to in time. And in most cases the claimant's letters also remain unacknowledged.

# Darrang Chamber of Commerce

Tezpur (Assam)

## GENERAL

We would like to bring the undernoted points for notice by the Committee.

1. The freight structure is more or less dependant upon the availability of wagons which should receive prior attention of the authorities.

2. So far this frontier state of Assam is concerned the regular movement of goods is not possible in the present condition of the Assam Link line.

3. Goods shed facilities at important stations need urgent attention.

4. Delivery of goods within a specified time should be ensured in respect of parcels, smalls and wagon loads as well. Inordinate delay and non-arrival of goods at destination are regular features and should be tackled in the best possible manner.

5. No clear procedure for the booking of goods specifying restrictions and quotas are not separately shown in the Goods Tariff for the guidance of the public.

6. The machinery for settlement of claims should be made more effective and there should be a time limit fixed for settlement of claims. Arbitration in this respect will be conducive to all concerned.

7. When no allotment is made available for at least ten days from registration the change of destination in such cases should be allowed.

8. Sundays should be exempted in the matter of calculation of wharfage and demurrage charges etc. Undue detention of wagons at transhipment points and at destination stations should be stopped by penalty imposed on Railway officials.

9. It is considered necessary for freight brokers to be appointed at all important stations to facilitate loading and unloading goods.

10. An additional rail link to Assam is of the utmost necessity in view of the existing link line being out of commission for a considerable period of the year.

In conclusion we like to put on record that this frontier state of Assam is the most neglected state in matter of transport facilities. This is admitted on all hands and should receive the prior consideration of the authorities.

### PART I-A.

Q: 1. (a) The revised general classification of goods of 1948 has proved to be beneficial to the trade and industry generally. There are however few exceptions e.g., Casein which is placed under Classification No. 10 is a raw material for Plywood factory and a higher rate is detrimental to the interest of this yet under-developed industry. Cement placed under classification No. 3 is not much helpful to the housing industry.

(b) The principle of telescopic rate on the continuous mileage of different railways has been appreciated by the trade and industry as a whole.

(c) The revised freight structure is not advantageous for short distance traffic. The overhead expenses for the short distance traffic including cartage to the rail head, loading and unloading and cartage from station to godown are expensive than compared to Road Transport for short distance. The various formalities for rail booking discourage the use of rail for short distance.

Q: 2. (a) & (b) Full investigation wanting.

Q: 3. (i) The class rates are to be reduced. The wagon rate scales seem to be adequate.

(ii) (a) & (b) Statistical data are not available.

Q: 4. The principle of charging for 1500 miles should be extended to wagon loads as well to avoid wide disparity in prices. Express goods trains for longer distances will help curtailing the time taken for transhipment.

Q: 5. (i) Terminal and Transhipment charges should be removed.

(ii) Short distance charge may be continued to be levied. There should however be uniform short distance charge which may be adjusted from the Pool.

Q: 6. No.

Q: 7. No.

Q: 8. Haulage charge on empty tank wagons to the loading stations should be abolished.

Q: 9. Classification of certain commodities should be changed to suit their respective conditions, e.g., Cement should be placed under Classification No. 1 instead of No. 3 as at present. Sugar should be put under Classification No. 2 from No. 4. Casein should be placed under Classification No. 3 from No. 10. Atta & Flour should be placed with Grains and Pulses.

Q: 10. The classification may be reduced to the minimum say at the most 10.

Q: 11. There should be difference in the rates of smalls and wagon loads and the prevailing levy rates are suitable.

Q: 12. No revision required.

Q: 13. (a) and (b) No change necessary.

Q: 14. Yes, the minimum weight for a 'smalls' consignment should be increased from 7 to 10 seers.

Q: 15. The present procedure in vogue is quite rational.

Q: 16. (i) No.

(ii) No.

(iii) Yes, a special rebate is proposed for consignors loading to the maximum capacity of the wagon beyond the limited weight so as to encourage loading to the fullest extent.

Q: 17. No, the system of introducing train load rates will not prove beneficial to the Railways as well as to the trade and industry.

Q: 18. There should be no additional charges for the Express Goods Services.

Q: 19. The existing charge for supplying crane for loading and unloading heavy consignments should be maintained and the facility should not be restricted but this should be extended.

Q: 20. No, None.

Q: 21. (a) Railways should not refuse to carry short distance traffic as there will be danger of road operations monopolising the trade.

(b) Rates for short distance traffic is already on the increase and no further increase is advised.

(c) The remedy lies in the Shipping Companies reducing the rates rather than to bring changes in the Railway rates.

Q: 22. The rates including the overhead charges for the short distance traffic are in most cases excessive than the rates of road transport.

Q: 23. We advocate freight pool for Cement, Controlled Iron and Steel materials. These materials are necessary for the development and are still under control and a uniform rate throughout the country will avoid the disparity in the controlled prices.

*Salt.* There should be freight pool of this most essential commodity.

We do not consider that the traffic moving for minimum distance should be excluded from this pool.

No other commodities than the above are supported for freight pool.

Q: 24. Yes, we do advocate uniform pool freight rate of raw Jute.

Q: 25. The freight pool should be worked by the Government Agency in collaboration with the Railways.

Q: 26. We have already suggested certain modifications in the classification of goods, but the real economic progress of the State needs adequate number of rolling stock and power to move goods, and when this is achieved the question of freight would better be solved. An additional link line preferably an extension of the broad gauge line to Assam would go a long way to improve trade conditions and further the cause of development of State as a whole.

Q: 27. No authoritative information is available in this regard.

Q: 28. No record is maintained in this respect.

Q: 29. The introduction of telescopic rate on the continuous mileage on the different Railways has proved to be of benefit.

Q: 30. The other available methods for export promotion should be employed, e.g., increase or decrease in export duty and other taxes on that particular commodity. The uniformity in the Railway freight should be maintained.

Q: 31. Yes. The rate policy should not be based only on the consideration of the economic transportation and needs of the Railway finance but should also be based on political consideration and strategic position etc.

Q: 32. To impart incentive to new industries consideration of Rail freight would be welcome.

Q: 33. Freight rate should carefully be used as a means to help the growth of new industries.

Special consideration needs be shown for the economic development for the under-developed area.

Q: 34. Yes, it will be worthwhile to charge freight on the basis of inflated mileage for a limited period only.

Q: 35. The economic and industrial development of the country verily depends on the consolidation of the Railways by improving the tracks and increasing the number of rolling stock and power in order to be able to cope with the demand independent of any other transport e.g., river, road and air.

Q: 36. Better passenger amenities, bathrooms on the station platforms, better catering arrangements both at stations and running trains, and neat lavatory arrangements are considered most essential.

Q: 37. Due consideration should be shown by any possible means to help growth of the cottage industries and development thereof.

Q: 38. The general policy of the Government to control or fix ceilings for the prices of commodities will be to take into consideration the freight rates of the Railways before such steps are taken by them. It will then not affect the normal procedure of the Railways.

Q: 39. We recommend a slight increase in the freight of coal.

Q: 40. The financial stability of the Railways mostly depends on increasing their capacities, which will eventually be remunerative to the Railways. The Railways are not incurring any losses at present and additional capacity will not only improve the financial position but would help the growth of new industry and trade.

The Capital Expenditure for the extension of new railway line will not prove a matter of loss to the Railways, as we do not consider the point that rates for grains, pulses and iron materials are unremunerative to the Railways. There will be increase for both high rated traffic as well as low rated traffic.

Q: 41. Stable Railway freight rates should prevail for exportable commodities.

Q: 42. There have been changes in the pattern of traffic in the post-war period.

(a) Quantum has increased enormously.

(b) Direction has also been affected. Most of traffic coming to Assam are mostly carried by steamer companies due to inadequate capacity of the Assam Link line.

Q: 43. As a whole the freight policy adopted in 1948 has not proved detrimental to the interest of trade and industry.

Q: 44. The prices are mostly quoted F. O. R. forwarding station and only in solitary cases F. O. R. destination.

Q: 45. In Assam the element of Railway freight is considerably affecting the various direct requirements of consumers like Chemical manures.

Q: 46. Petrol and Petroleum products are expected more to be exported from the State.

- (a) The import of coal to the State is on the decrease.
- (b) Movement of tea chests from Calcutta to Assam has changed the course and Assam is producing most of the requirements at present.
- (c) Jute is exported to Calcutta from Cachar, Darrang, Goalpara and Nowgong.
- (d) Rice production has increased but is still on the low side.
- (e) Import of consumer goods will considerably increase in the State in view of the increasing population and the higher standard of living.

Q: 47. Ware-housing facilities recommended.

Q: 48. Industrial development in the 2nd Five Year Plan by the Private Sector will not be much encouraging in view of the fact that no incentive is offered by the State Government. Most of the time of the executive officers of the existing industrial concerns is spent in arranging transport. The essential demands like Cement, C.I. sheets for the existing buildings and industrial units are not met.

Q: 49. No tangible effect will be seen in this region.

Q: 50. No.

Q: 51. The State Government is proposing to start Sugar, Jute, Cement and Paper industries in the State none of which exists at present.

Q: 52. When the above industries come into existence the imports in the State will considerably decrease in respect of these commodities but there will be a greater demand for import of capital goods for a limited time for which the existing transport capacity will not be adequate.

Q: 53. As in 52.

Q: 54. The basic principle to be observed in framing the Railway Freight Structure are price of commodity, the uses of commodity, nature and space necessary.

Q: 55. The present Freight Structure is to be simplified by curtailing the classification of goods. This has already been put forth in the covering letter.

## PART-II

Q: 1. (a) In all cases the alternative owners' risk rates are not available. Where the owners' risk rates are available the importers of Assam often prefer R.R. rate but at present more than 50% goods are booked at O.R. rate.

(b) Traders prefer to book textiles, breakable articles like glassware, musical instruments and Asbestos sheets at high R.R. rate.

(c) Yes. There has been changes in the practice and people now are quite sensitive to the railway risk rate and O.R. rate and they now avail these rates whatever they consider best according to the circumstances.

Q: 2. (a) Traders resort to private Insurance Companies as claims by the Insurance Companies are paid more quickly than the Railways. Even insured claims are not paid by the Railways within reasonable time. Traders resort to Insurance in respect of smalls, luxury goods and textiles. They do not resort to insurance for wagonload consignments. Smalls are mostly insured in view of the fact that these are lost and delayed enroute.

(b) Machineries are insured at 1% against breakage. Textiles are insured at 1/4% to 1/6% against theft, damage and pilferage etc. Luxury goods are insured upto 3% against breakage. Asbestos sheets are insured at 3% against breakage. Gramophones are insured at 1% against breakage.

(c) On account of indifferent attitude of Railways in payment of claims even if booked at R.R. rate there has been a shift to private insurance companies when compared to the period from 1945/50. The following risks are covered mostly:—

1. Breakage of Glassware, Asbestos & Machineries.
2. Damage of Luxury Goods.
3. Pilferage and theft of Textiles.

Q: 3. Only a small portion of goods is covered by private insurance companies. There has been a shift in favour of private insurance companies as compared with the period 1945/1950.

Q: 4. (a) The quantum of compensation of claims has increased but the percentage decreased in relation to claims preferred. The increase in claims has been noticeable in all commodities particularly foodstuffs, textiles and cigarettes etc.

(b) The traffic has almost increased by at least 100% and the prices have also increased by no less than 100%.

Q: 5. (a) 1. Theft & pilferage	... 42%
2. Misdespatch	... 5%
3. Deterioration due to delay in transit	... 6%
4. Fall in prices owing to delay in transit	... 1%
5. Damage to consignment due to rough handling and rough shunting	... 2%
6. Leakage and damage due to wet	... 5%
7. Any other well defined cause (non-delivery)	... 39%
Total	... 100%

(b) &amp; (c)

Particulars	Nature of Claims	Value of claims preferred	Percentage of Claims settled in relation to the claims preferred	Claims rejected
(i) Theft and Pilferage ...	42%	42%	50%	50%
(ii) Misdspatch ...	5%	5%	40%	60%
(iii) Deterioration due to delay in transit	6%	6%	Only 10% claims are paid for Perishables	90%
(iv) Fall in prices owing to delay in transit	1%	1%	2%	98%
(v) Damage to consignment due to rough shunting and rough handling	2%	2%	1%	99%
(vi) Leakage and damage due to wet	5%	5%	10%	90%
(vii) Any other well defined cause (non-delivery)	39%	39%	80%	20%

The Railway Claims Department is quite indifferent in admitting claims and at the outset they refuse to attend to correspondence, and only on pressure they explore possible ways and means to refute the claims.

Q: 6. The claims are generally rejected for tobacco and average shortage in less than 10% in sugar and other foodstuffs. The claims are also rejected for cement, roofing sheets which are often damaged/and/or broken and for shortage of coal in open wagon,

No date is available in regard to the value of claim preferred in respect of each of these commodities,

Q: 7. (a) In spite of the amendment the benefit is practically Nil and amendment is more or less a dead letter in law for it is impossible for the parties to prove negligence or even misconduct because the enquiries are always made by the authorities who are usually biased against the claimants. The full benefit should be extended to the claimants.

(b) The provisions have not operated to the disadvantage of railways but we advocate the narrowing the difference of R.R. rate and O.R. rate to the extent of cost of insurance of each class of goods. Perhaps it would be a good thing for railway to provide an insurance fund and operate in a manner of insurance companies. In that case perhaps the railway risk rate would be preferred. R.R. rates would be preferred if Railways agree to accord prompt settlement of such cases.

Q: 8. We consider the abolition of O.R. rate and suggest extensive use of R.R. rate for all commodities whether for smalls or wagon loads.

Q: 9. We have already suggested that the number of classification of goods should be reduced to avoid this wide disparity.

Q: 10. We advocate the extensive use of R.R. rate for almost all commodities and

also reduction in the number of the classification of the goods.

We also want R.R. rates for wagon loads except for traffic moving in bulk consignments in open wagons.

Q: 11. Yes. The excepted articles should also be booked at R.R. rates and these should be removed from the O.R. rate classification.

Q: 12. No. We want the R.R. rates to be applied all through except for bulk consignments in wagon loads.

Q: 13. No. The packing conditions should be adhered to, to avoid damage to the consignments.

Q: 14. The provisions under Section 72 of the Indian Railways Act are satisfactory.

Q: 15. Packing conditions now prescribed are too rigid and this should be thoroughly overhauled for the purpose of relaxation of the packing so that the makers can easily fulfil the same.

Q: 16. Yes. We suggest compulsory packing conditions of consignments after relaxation of some of the rigidities now prescribed. The compulsory packing condition should be applicable for textiles.

Q: 17. (a) Yes. The warehouse facilities are considered essential prior to despatch and after delivery. Private firms as Clearing and Forwarding Agents are providing these facilities but are grossly inadequate and inefficient.

(b) We recommend a scheme to be taken in this direction by Railway itself.

Q: 18. (a) The liabilities of the Railway should be that of like other carriers which are governed by the Carriers Act. The railway besides being a bailee should be insurer of the goods carried by them.

(b) We do advocate change and extent of the risk should be same as of other carriers.



Q : 19. The remedies to check theft and pilferage are as follows :—

1. Quick transit of goods.
2. Immediate delivery on arrival at destination.
3. Not tampering the original seal of the wagon in transit.
4. To send smalls in wagon loads as far as possible.
5. To have security police with the goods trains.
6. To have stricter supervision at transshipment points.
7. Surprise visit by superior officers in the yard and goods shed.
8. Formation of an Advisory Committee with some trusted persons from the commercial community and with senior railway officials, with power to enquire and report.

Q : 20. The Railway will pay about 30% more if they are treated as common carriers. Running train thefts are common in case of smalls. The incidence of running train thefts are high in respect of textile goods.

Q : 21. The general observations are that the claims are not generally admitted and full compensation is never paid. There is always a difference in the amount of claims preferred and the amount of compensation received even in genuine cases. There is abnormal delay in settlement of claims and these are not well attended.

#### PART-III.

Q : 1 to 12. This Chamber has no information whether any parties in Assam have applied to the Rates Tribunal and with regard to the detailed procedure of the Tribunals, hence we do not offer any opinion on this subject.

### BIHAR

## The Bihar Chamber of Commerce,

Patna.

### GENERAL

The present freight rates structure for goods transport was introduced in 1948 and was evolved as a result of investigations conducted by a departmental committee. At the time the general public had not been given opportunity to express their view point on the scope and scheme of freight rates. The present rate is the result of an enquiry in an economic background which has radically changed. It is essential to bear this fact in mind so that it may not be presumed that the existing system was an improvement over the system it has replaced and requires only minor modifications. The system requires close examination so as to evolve a system which would pave the way for rapid economic development of the country.

The first term of reference of the Committee specifies the considerations which should be kept in view in review of the present railway freight rate structure and in suggesting modifications and they are, firstly, the need of a development economy, and, secondly, the necessity for maintaining the financial stability of the railways. The importance of the railways in a vast country like India is great. It is the principal means of communication over long as well as short distances. It has been rightly described as the nation's life-line. With a capital of about Rs. 960 crores and a total mileage of about 35,000 Indian Railways are the largest national undertaking, and as the Planning Commission has said, "Will always be one of the principal foundations on which the national economy rests." The Committee, therefore, need hardly emphasise the fact that both the above requirements are vital considerations which must be constantly kept in view. What the Committee would, however, like to point out is that both the questions are closely inter-linked and the development aspect

covers and safeguards the revenue aspect. With greater economic activity in the country, the railways will naturally have larger volume of goods traffic to carry and consequently larger earnings. Though a commercial undertaking, the railways operate on monopoly basis. Its aim should be to earn more by carrying larger volume of goods at low rates rather than charge high rates and carrying smaller volume of traffic. The freight rate, therefore, should be such as will encourage movement of larger and larger volume of traffic and at the same time yield a revenue sufficient to meet its normal expenses, to pay reasonable return on capital invested and to make contribution to the General Revenues in terms of the Separation Convention fixed by the Parliament. The Committee, however, feel that development expenditure of the Railways should not be met out of the current revenue. They have noted with concern that the Planning Commission which has drawn up a plan of Rs. 1125 crores for the development of Railways during the Second Plan Period has asked the Railway Board to find out at least Rs. 150 crores from its own resources which can be met only by increasing the freight rates and the fare. For meeting this obligation the Railway Minister has already imposed a surcharge of 6½% on goods traffic in the budget for 1956-57. The Committee consider that the proposal to raise additional revenue to meet development expenditure is inherently unsound and should be desisted from.

The Committee feel that the quality of service provided by the Railway has also an important bearing on the level of freight rate. The Committee regret that the quality of service has rapidly deteriorated in recent years instead of any improvement while the



freight rates have steadily gone up. The deterioration in service and consequent harassment can be attributed partly to failure of transport capacity to increase in proportion of the demand for transport facilities. The merchants have to wait for long periods to obtain the required number of wagons specially in case of lower priority traffic. The frequency and duration of booking restrictions both total and sectional have increased many times. The merchants are also now allowed reduced facilities for loading and unloading of goods and clearance of goods for which they have to incur comparatively higher expenses. The rough and careless handling of goods have not lessened to any extent in spite of periodical P.L.M. campaigns. The incidence of thefts and pilferages is ever on the increase and particularly the thefts labelled as running train thefts in which the claims of the parties are summarily rejected. The delay in transit of goods is another source of equally great harassment. Besides detention of wagons and smalls due to unco-ordinated operational arrangements, instances are not lacking of deliberate detention in the railway premises in transit. Thus, the reduction in the facilities to merchants and deterioration in the quality of service have increased much more the effective burden on trade than what is evidenced from the increase in the actual freight rates.

#### PART I-A

Q: 1. (a) The changes in the freight structure made in 1948 in regard to general classification of goods were broadly two. The number of classes was reduced from 16 to 15 and the commodities were reclassified in which process most of the commodities were upgraded by one class. The opportunity was also utilised to abolish many of the scheduled and station to station rates. The carrying capacity of the wagons was also increased and full wagon rates available in a large number of cases were abolished. The overall effect on trade and industry has been much increased in the general burden of freight charges. We are informed that industries like Paper, Chemicals, Vegetable Ghee, Cement, Oil Crushing, Sugar etc. have been particularly increased from 50% to 260% as a result of changes made in freight rates.

(b) Another major change introduced in the year 1948 was the introduction of the principle of telescopic rates on continuous mileage. Though the telescopic system is good in principle as also from the point of view of rationalisation in the freight rates, the basis adopted for the purpose of its implementation in 1948 left much to be desired. If the telescopic system is to produce maximum benefit, it is not only necessary that the number of legs should be judiciously fixed but also the legs should be properly distributed in the different distant ranges. Under the existing arrangement a distance of 300 miles has been fixed for the first and the second legs. This overlooks the practical realities of the situation under the conditions obtaining in the country at the present moment. Overwhelming volume of raw materials and finished products in our country move within shorter ranges. The average distance of general haul is not more than 100 miles which is much below the maximum of the first leg. In consequence the introduction of telescopic rates in 1948

increased the burden of freight on much larger volume of traffic and the benefit of reduction in freight rate on long distance traffic was available only to much smaller volume of traffic. The overall effect on trade and industry was to increase their freight charges. Its effect on the local trade within a radius of 75 miles has been very severe because for traffic upto 75 miles these telescopic rates are further enhanced by the addition of short distance charge of six pies per maund and the terminal charge of one anna per maund in case of loading and unloading done by the consignor and consignee respectively and in those cases by Re. 0-1-4 per maund where loading and unloading are done by the railway themselves. The Chamber is of the view that if the telescopic system has to benefit the trade and industry, it is necessary that the distance range for preliminary leg be reduced keeping in view the average distance of the general haul and increasing the number of legs. It is also necessary that graduation in the freight rates be made more realistic.

(c) As pointed out above, the incidence of freight on introduction of the telescopic principle and the classification of goods in 1948 on short haul traffic was to increase the burden of freight. The medium haul traffic also suffered the same fate due to upgrading in the classification and the adoption of unrealistic legs. The adverse effects were aggravated by operation of other levies. These are short distance charge, the terminal charge, the minimum distance charge and the overall minimum charge of Rs. 1-12-0 per ton. The effect of all these imposts has been to enhance the manufacturing cost of industries, since raw materials move within short distance. In the case of sugarcane traffic, the freight rate has increased 500% since 1948. If in spite of such heavy imposts traffic has continued to be available it is only due to the fact that there is hardly any alternative means of transport in the country specially for bulk movement of raw materials. It is necessary that the burden of freight rates on short distance traffic be considerably reduced.

Q 2. (a) & (b) The existing freights fall into three divisions, viz., the standard telescopic class, the standard telescopic wagon loads class and the station-to-station rates. Commodities have been grouped into fifteen classes with maximum and minimum rates prescribed for each of them. Where, however, station to station rate is fixed, the above rates do not apply. It has been the experience that though the Railway Administration has discretion to make variation in the rates between the maximum and the minimum for each class, it is disinclined to make use of the discretion in favour of a lower rate. The Administration does not generally favour grant of special station to station rates. M/S Rohtas Industries Ltd. applied to the Chief Commercial Superintendent, Eastern Railway, for station to station rate for traffic of Sulphuric Acid originating from Dalmianagar Siding to Calcutta, stating clearly the circumstances under which their Industry is placed and the competition which they cannot meet in Calcutta market due to higher rates of freight but the Railway declined to meet the request. Likewise M/S Rohtas Industries Ltd. made a representation for station to station rate for Groundnut Oil from Madras

to Dalmianagar Siding but Railway after acknowledgment of the letter and making preliminary enquiry for more than a year has neither given a negative nor affirmative reply. Not only this, though all the railways for their local traffic of Bamboo chips and cuts when despatched as raw materials for paper making have introduced floor area basis for purposes of charge but when M/S Rohtas Industries Ltd. applied for a through rate on floor area basis for movement of Bamboo for stations situated on Bilaspur section of South Eastern Railway and passing over Central and Northern Railways to Dalmianagar Siding on Eastern Railway, this floor area freight basis on permanent basis has not so far been granted. The Committee can obtain detailed information from the Zonal railways about the applications received by them for grant of station to station rates and how they were disposed. These facilities were freely granted in the past. Though technically the present freight structure has flexibility, in actual operation it is rigid. The Railway Administration is motivated more from the immediate revenue consideration and does not take sufficient account of the long term requirements of trade and industry. It does not quote experimental rates to develop traffic which might be discontinued when the traffic has fully developed. The Railway should play greater role in encouraging new industry and developing traffic than it has done hitherto. The heads of the Commercial Department should be encouraged to exercise the discretion granted to them more frequently after investigating the requirements of such traffic as come forward with the request. This would enable the Railway to play more enlightened role in the economic development of the country.

Q. 3. (i), (ii) (a) & (b) The number of class rates and wagon load scales at present prescribed do not meet the requirement of the situation. While most of the commodities have been given a class rate, wagon load scales are available only for 80 articles. As the movement in wagon load is more economical, sufficient encouragement for movement in wagon loads should be given and this provision for wagon load scales for as large a number of commodities as possible would go a long way. Further the wagon load rates should be applied not only to the first three class rates but should be more liberally applied. In addition the grouping of articles under the different class heads should be done more scientifically and based on considerations of affinity. At present the classification is not at all scientific. For instance ruled paper and ruled exercise book are differently charged when there is little difference in transportation characteristic, value or end use. So is the case with blank paper and blank paper exercise book.

The progression in the class rates also requires readjustment. At present the rate is much steep after class 12. It is also necessary that the system of classification be simplified. The Committee should suggest reclassification of commodities in such groups as to place some categories of commodities in one class. For instance ores of various kinds be placed in one class so also agricultural produce including cash crops. Broadly, the Committee

should suggest a reclassification based on affinity or end use of the commodity. The process of fixing rates for such revised basis of classification would also require careful scrutiny. While such rating may normally be done on the capacity of the traffic to bear, the overriding needs of stimulating and assisting the pace of economic development must also be given due consideration. As regards appropriateness and adequacy of the number of legs or distance range between the legs under the scheme of telescopic class rates, they will have to be judged in relation to the average distance over which normal movements take place under the existing conditions. The first leg at present covers 800 miles and for this distance the rate is the highest. Under the existing economic conditions the bulk of the articles moved on the railways are for much shorter distances. It is the general experience of the trading public that the average distance of goods generally transported not more than 100 miles. It is, therefore, essential that the first leg be limited to 200 miles only.

Q: 4. As has been stated above, the normal movement takes place for a distance of 100 miles or less. The movements of long distance are limited. India is, however, a country of long distances and movement of commodities over long distances beyond 1500 miles may be justified by circumstances of an exceptional character and would only be reasonable that such a movement be not burdened with heavy freights. The maximum rates fixed at present are only for 2 out of the 13 wagon load scales and for coal scale. There is no justification for limiting this facility and it should be extended to the remaining wagon load scales also. The wagon load scales are prescribed mostly for essential commodities and all such commodities should also be extended the facility of maximum freight.

Q: 5. *Terminal Charges*:—The Terminal charge is justified on the ground that it compensates the railway for the cost of additional services rendered in the transport of goods. It almost includes all items of establishment and handling expenses. Though this charge varied in pre-1948 period, it has since been standardised. If the terminal charge is justified on the principle of additional service rendered it is obvious that it should be related to the quantum of service rendered. In case of traffic booked under L.U. condition the charge should be low. Then again at stations where establishment charges are small, the traffic should be charged less. These considerations are not obtaining in the levy of terminal charges. We are of the view that the burden of terminal charges is not scientifically distributed and as such it falls heavily on short haul traffic and is not related to capacity to bear. The Chamber is of the view that the charges levied in the shape of freight rate should be the overall charge for all services and no separate terminal charge should be levied. If at all it is decided to retain the charge, it should be related to the amount of service rendered.

*Short Distance Charge*:—Where the total distance of movement is less than 75 miles a special short distance charge is recovered

for general merchandise at Re. 0-0-6 per maund. The continuation of this levy after the introduction of telescopic system of freight rate cannot be justified. The short distance traffic under this system is already overburdened with heaviest rate in comparison to long distance traffic. There is, therefore, no economic justification for continuing the short distance charge. The bulk of the movement of commodities required by industries is largely short distance traffic which bear heaviest freight under the telescopic system and imposition of this uneconomic charge penalises movement of such materials. In the context of impending large scale industrial development, there is a case for altogether abolishing this charge.

**Transshipment Charges:**—As has been stated in regard to terminal charge the freight charges paid should be an overall charge which cover all services from the point of loading to the delivery. It is acknowledged that Railways have to incur additional expenses at break of gauge points for transshipment facilities. As an ideal we would suggest that the Railways should try to work under an integrated rate which should cover all services. The present levy of transshipment charges at 3 pies on smalls and 2 pies on wagon-loads is more in the nature of a surcharge than the attempt to recover actual expenses. The services at the transshipment point are far from satisfactory. The incidence of damage, theft and delay are high at transshipment points due to which the trading public suffer. The Railways should attempt sincerely to improve service at transshipment points. Improved methods of handling, such as cranes, conveyor belt, etc., should be introduced which will besides introducing efficiency reduce expenses.

Q: 6. The Chamber considers that the present distance unit of one mile for charge is appropriate and no change is necessary.

Q: 7. The minimum distance for charge at present is 20 miles which was raised in 1948 from 10 miles. Short distance traffic being subjected to heavy freight rates there should be no attempt to increase the same by increasing the minimum distance for purposes of charge. As it is, even for booking a distance of less than 20 miles freight for 20 will have to be paid. There is increasing emphasis to locate industry as near the sources of raw materials as possible, but the minimum distance charge will clearly militate against it. There is clearly a strong case for reducing the distance charge to 10 miles as in pre-1948 period.

Q: 8. The system of charging for haulage of empty tank wagons used in the transport of liquids has no economic justification. Haulage back is a part of the normal duties of the carrier and the users should not be burdened with this charge. In the case of coal traffic large number of empties have to be hauled over long distances but no extra charge is levied for that reason. Moreover the carrier benefits in a large measure by this mode of transport since it is relieved of the burden of handling and other services which it would otherwise be called upon to render if the liquid moved in tins or barrels. The incidence of claim is also much less in this case. On a consideration of all these, we are strongly in favour of abolition of the

charge for haulage of empty tank wagons wherever it exists.

Q: 9. One of the main principles of fixation of freight rates is the value of the service rendered. This together with the transportation characteristic must determine the grouping of commodities for purposes of classification. We have indicated in reply to an earlier question the broad lines on which any new classification should be attempted. Similarly for purposes of grouping the guiding consideration should not only be the affinity but also the end use and the price. The existing classification is not at all scientific and is mainly the outcome of the attempt to simplify the tariff structure and the commodities listed together have little affinity for purposes of rating. The question requires an expert examination and the Enquiry Committee should recommend a comprehensive reclassification by an Expert Committee keeping in view the guiding principles which this Committee should frame on the basis of our suggestion. The classification should be revised from time to time.

Q: 10. The question of classification has been dealt with in reply to earlier questions. Classification after all is not an end in itself. The purpose is to facilitate the working and enforcement of a rational freight structure. The overriding consideration in classification of goods is stimulation of increased economic activity by the provision of transport at rates which will be ultimately remunerative to the carrier while the economic activity concerned finds it within its means. The factors of affinity, end use, price relation, transportation characteristic have their own importance. In the existing classification the anomalies from the above consideration are too great. This question should also be entrusted to the Expert Committee which we have suggested above.

Q: 11. The expenses to the railway in moving traffic in wagon load are lower than the cost of movement in smalls. Rightly, therefore, the rates for wagon load traffic is lower than smalls. There is no scientific method by which the actual cost of transport of the two could be evaluated in relation to each other and as such no definite suggestions could be given about the proper relationship between the rates for each of them. Since the economy in wagon load movement is greater due to better utilisation of space and smaller operating cost, the rates should be made such as to encourage wagon-load traffic.

Q: 12. The existing arrangement of a minimum charge of consignment in wagon loads of Rs. 1/12/- per ton on carrying capacity of the wagons is unjustified. Wagon load rates have been prescribed for a limited number of items and minimum weight limits for qualifying for a wagon-load are also prescribed. There is, therefore, no justification for this charge. The railway system is intended to cater to both higher rated and lower rated commodities. This charge should not, therefore, exist and if at all it is retained, it should be linked to the nature of the commodities carried.

Q: 13. (a) & (b) It cannot be denied that movements of smalls are as essential as the wagon-load. All commodities cannot at all times move in wagon-loads. The need for maintaining the freight rates for smalls also

to the economic limit cannot be disputed. The minimum charge of Re. 1/- for smalls is not by any measure a burden but there is also not much scope for raising the same for all commodities. A graduated scale might be drawn up fixing higher minimum rate for commodities of greater value.

Q: 14. We are not in favour of raising the minimum weight for charge for smalls from seven seers. If the minimum charge for smalls is fixed at a graduated scale as suggested in reply to earlier question, then in effect the minimum weight will automatically be raised.

Q: 15. In the light of the earlier suggestion that the minimum charge may be made to vary with the class of commodities, it is felt that it is not necessary to group all commodities carried as smalls by goods trains upto a maximum rate in one class. If this is done it would result in disproportionately high charge for a lower rated commodity. We are, therefore, not in favour of any such proposal.

Q: 16. The revision in upward direction of the minimum weight condition for qualifying for a wagon load rate will not in our opinion result in greater utilisation of transportation capacity. There are certain commodities which under present conditions cannot be loaded upto the prescribed minimum due to their inherent nature such as potato seed, blown glasswares etc. We have no objection if appropriate minimum weight condition for qualifying for a wagon-load rate is scientifically determined and laid down, but in our view there is no scope for revision in the upward direction from time to time.

We also do not think that adoption of the present class rate for wagon-load only, where wagon-load scale is not quoted at present and levying an extra charge for movement in smalls is conducive to the best interest. We have earlier suggested wagon-load rate for all commodities for which it does not exist at present; but it should be lower than the present class rates. This would be contrary to the basic principle of the wagon load rates. The rates for smalls should not be raised.

A reduction in freight rates for quantities loaded beyond the minimum weight per wagon fixed for different commodities will be an effective inducement to loading upto the fullest extent the wagon actually supplied can hold. This will be an effective medium to ensure better utilization of transportation capacity than any of the above two alternatives.

Q: 17. The economies from movement in train-load are significant to the Railway Administration as the operating and incidental costs in such movement are much less. As such train load rates lower than wagon load rates should be prescribed since by movements in train-loads the cost is less and it should be passed on to the user. Care should, however, be taken to ensure that the train load movement does not exceed a certain percentage of the overall transport facility. As this is likely to be much beneficial to large industries in bringing raw materials and despatching finished products to wholesale marketing centres, it should receive favourable consideration.

Q: 18. The economies in operation to the Railway Administration resulting from special express goods services are many. This will eliminate sorting of wagons and marshalling of trains saving engine cost and better utilization of wagons. There is, therefore, no justification for additional levy on goods transported through express service. It is the part of the normal duty of the carrier to transport the goods as expeditiously as possible and the users should not be burdened. Express goods service should be a normal feature of the transport system which will eventually be advantageous to the Administration. We are strongly against levy of additional charge for express goods service.

Q: 19. The Indian Railways are much backward in the matter of providing cranes for loading and unloading heavy consignments. Administration deny the responsibility to provide cranes at loading and unloading points and supply it only as a matter of additional service. We would suggest that in charging freight for such consignments as can be loaded and unloaded only by cranes the charges for use of cranes at both ends should be included and it should be the responsibility of the administration to provide cranes. In case of detention of wagons for failure to provide crane in time the user should not be penalised in the shape of wharfage. The charges for supply of cranes should be determined on the basis of cost of the service only.

Q: 20. The existing conditions for carriage of live-stock are far from satisfactory. Though there is legal enactment for preventing cruelty to animals it is surprising that the State owned public carrier should show marked disregard to the same. Attempt should be made to provide improved type of wagons in which the animals could be transported under humane conditions. Railway should look upon this traffic more from the social than from the revenue point of view and evolve a scheme for planned improvement on the lines of programme for passenger amenities.

Q: 21. We do not agree that the overall charge for short distance is generally unremunerative. There is no adequate basis for this assertion. It is also not a correct approach to regard short distance traffic as unremunerative and to attempt to discourage it by all possible means or divert it to other means of transport. The result of the Railway operation should be judged from the loss or gain from the total traffic carried by it. This assertion will imply that the railways are making undue profit on their long distance traffic. It is true that short distance traffic involves more cost to the Railway. But the system of telescopic rates has adequately recognised the handicap and the incidence of the rates on short distance traffic to that extent is already higher. In the context of the existing development of various means of transport of the country it cannot be said that alternative means of transport will everywhere be available at economic cost. The Railway should not as a monopoly carrier shut out any traffic for whatever distance it is offered. The Railway already charges heavier freight on short distance traffic. If its rates are higher than alternative mode of transport



available, the traffic will naturally be diverted. We are also not in favour of so adjusting freight rates on short distance traffic as to divert it to alternative means of inland transport by roads or rivers. All the above three modes of transport have their own advantages and disadvantages. It should be left to the natural factors to determine the allocation of traffic between them.

We are of the view that proper adjustment between rail, road, and water transport was never as urgent as it is now when we are facing acute shortage of transport facilities in the country. Attempts should no doubt be made for greater co-ordination with a view to ensuring fuller utilisation of all means of transport. But it should not be done by checks and inhibition. It should be left to the free play of normal factors.

Q: 22. Under the conditions obtaining in our country any comparison between the freight rates charged by the railway for short distance with the corresponding freight rates by road or water ways is merely academic since no effective competition between them exists. This would have been possible only if road and water transport were also equally developed. As the things are, the road transport is heavily burdened with crippling taxes and even if road transport is adequately developed in any section it is not in a position to offer effective competition. Inland water transport has only developed to some extent in North Eastern India. But it is totally incapable of offering any competition with the railway for short distance traffic. Further the bulk of the movement for short distance falling in the category of industrial raw material will continue to move by rail.

Q: 23. The idea underlying the suggestion for a freight pool naturally is to subsidise long distance traffic at the cost of the shorter haul in the same commodity. While we have accepted the necessity of laying down the maximum freight in respect of essential materials which move long distances by force of circumstances such limit does not imply any sacrifice on the part of short distance traffic. Basically any freight policy which would subsidise one traffic at the cost of another and attempt equalisation of freight rate incidence would be wrong. Location of industry in a particular place is determined by natural and geographical factors and it is not the function of the railway to attempt to cut in-roads into the free play of this factor. We are strongly against the suggestion. This will encourage establishment of industries at great distances from the places where such materials are available due to other advantages and will thus involve much extra heavier burden on the railways when it can hardly cope with the same. This will also lead to collapse of such industries as have been established near the sources of these basic materials in spite of several other handicaps.

Q: 24. In reply to the previous questions we have expressed strong disapproval of the principle of the freight pool. We suggest that the transport of jute from producing centres to mills should be facilitated by provision of station to station rates. The rates should be such as to counter the disadvantage of distance.

Q: 25. In view of our strong disapproval

of the principle of freight pool, we do not consider it necessary to answer this question.

Q: 26. The freight policy and the structure of the railway rates will necessarily have to be in consonance with the larger policy objective underlying developmental schemes. While railways will have to function as a commercial undertaking its social and welfare aspect should not altogether be overlooked in formulating its rating policy and day to day administration. In a country of long distance like ours, cheap and efficient transport is a basic necessity in any scheme of economic development and making available the fruits of such development to the masses. It is, therefore, necessary that the railway rating policy should be adjusted to the changed fiscal and economic conditions so as to promote rapid development. The form which the railway's assistance in the economy should take is a matter of detail and will have to be determined in the context of a particular case. But as a matter of policy the railway should be empowered and should have discretion to extend concessional facilities in the case particularly of new enterprise.

Q: 27. The Committee may obtain factual information from the railway administration concerned. We here again like to assert our opposition to the levy of short distance charge.

Q: 28. Here again it is the railway administration which can furnish factual details. The general experience is that railway administration is disinclined to quote station to station rate on revenue ground as it is left mainly to their discretion.

Q: 29. We have dealt with in reply to question No. 1 the adverse effects of the adoption of the existing system evolved on the principle of telescopic rates. The introduction of the principle of the telescopic rate on the continuous mileage basis should have resulted in reducing the overall incidence of freight, but as has been seen the result has been otherwise.

Q: 30. Under a telescopic system it is naturally assumed that the occasion for concessional treatment in the shape of station-to-station rate would be limited but as we have pointed out earlier the telescopic system as worked at present is beset with certain handicaps, chief among them being the distance range for the first leg. The system of station-to-station rate is intended to meet special requirement of a particular traffic. Such a treatment might be necessitated by the special importance of a traffic in the development of a particular industry. The discretion to grant concessional facilities to any deserving traffic is a necessary complement to the system of telescopic rates. No freight system can be so exact and scientific as to obviate the need for special facilities to meet any particular situation confronting any industry. The power to grant concessional facilities in the shape of station to station rate should be vested in the zonal administration and any traffic fulfilling a set of prescribed conditions must be granted this facility.

Q: 31, 32 & 33. The subjects covered by the above three questions can be suitably

bly answered together. To some extent these questions have been answered in reply to earlier questions. In a country of long distances like ours which is under process of economic development it is clear that the role of the railway should not merely be confined to providing transport and recovering therefor an economic price in the shape of freight charges. The Railways have to perform a constructive role in stimulating planned economic development. In view of the above the duty of the railway should be to adjust their freight structure to facilitate economic and industrial activity where the circumstances demand such assistance. If this involves any loss of current earning it should be regarded as an investment in stimulating a traffic which will pay rich dividend when the additional traffic has been generated. In short the railway rating policy should be so framed as to fit in the overall policy of national reconstruction and development.

It is only proper to expect that the railway administration would consider it a part of its duty to render special assistance to the establishment and development of new industries. If this involves some sacrifice of current earning, this should not be ruled out. It must, however, be insured that the process of assistance to new industries does not work to the disadvantage of any existing industry. We would suggest that a high level machinery be set up to examine the request for special assistance in the matter of railway freight from time to time somewhat on the lines on which the Tariff Commission investigates claims for protection. The nature and duration of such assistance should be examined by such authority.

Q: 34. We are unable to appreciate the suggestion that the cost of newly constructed railway lines in backward areas be recovered on the basis of inflated mileage. The railways charge freight on the principle of average cost of transport. No rebate is allowed when the cost is lower and no extra charge is made when the cost is high. Moreover, this ignores the basic role of the railway as an effective instrument in nation building activities.

Q: 35 & 36. We are of the view that the developmental needs of the railways should not be met from normal freight earning. The freight policy should be such as to yield a revenue sufficient to meet working expenses, to pay interest charges on capital invested and to provide for adequate depreciation. As the Railways represent national investment of a substantial order and as they are also free from the normal tax liability there is justification for the freight policy providing for a reasonable contribution to the general revenue. The rehabilitation and modernisation could also be made a charge on revenue. The freight policy may be designed to cover all these requirements. But so far as development is concerned, it will be unreasonable to expect to meet them from current income. This is an item which should appropriately be financed from borrowing. The development programme of the railways is of the magnitude of Rs. 11,00 crores and no adjustment of freight rate could be made to yield such an amount within the period of the next five year plan.

Q: 37. The Railways may extend to village and cottage industries such assistance as may be justified with a view to ensure their proper development and operation. This assistance must not, however, take the form of differential rates as charging differential rates for the same commodity produced by the organised industry and the cottage industry would present difficulty in practical application. Apart from charging differential rates the form which such assistance should take may be examined in relation to each such commodity.

Q: 38. This question can be answered appropriately by the Railway Administration.

Q: 39. As we have suggested in earlier answers, one of the considerations in fixing freight rates should be the capacity of the commodity to bear the burden of the freight rate. Though we are not in a position to say which commodity is being carried below the cost of transport, we do not think it would be reasonable to insist on charging any such commodity a freight which would pay its cost of transport. This will carry with it a presumption that no commodity should be made to pay a freight which is more than its cost of transport. This will destroy the very basis of the system of telescopic rates and the classification of goods for purposes of charging freight.

Q: 40. We do not subscribe to the view that in the coming years there will be large increase in the low rated traffic only. With increased economic activity and development in all spheres of life there will be corresponding increase in low rated as well as high rated goods. There may be some time lag in increase of high rated commodity but this will be only a matter of a year or two. It is also worth consideration whether low rated commodities necessarily yield less revenue or involve increase in operating cost. Such commodities mostly move in wagon-loads for which railways do not have to incur much additional cost other than operating expenses. This will also reduce the burden of over head costs. We do not think there is any sound basis for the apprehension that railway revenue will receive set back as a result of increase in low rated traffic in the next two years.

Q: 41. We are in favour of a reasonably stable freight rates on commodities which are mainly exported. It would not be in the best interest of the export trade that the internal freight rates should also fluctuate in conjunction with international market conditions. If, however, there arises a situation in the nature of a crisis temporary relief in the shape of concessional freight should not be completely ruled out.

Q: 42. This is a question which can be answered appropriately by the Railway Administration.

Q: 43. There is no positive indications which would justify the suggestion that freight rate policy has in any manner influenced the location and pace of development of industry and trade.

Q: 44. This is a question which can be answered by management of a particular industry.

Q: 45. & 46. These questions may be answered by specialised agencies operating in the agricultural sector.

Q: 47. We do not subscribe to the view that any special facility in rates is necessary to enable the small agriculturist who cannot afford to take advantage of wagon load rates to dispose of his produce at a reasonable rate. The Railway also should not undertake to provide warehousing facility. Efforts are already being made by other agencies to provide warehousing facilities. This is a field in which co-operative endeavour promises to have large scope and be tried.

Q: 48, 49 & 50. It will be premature at this stage to assess the likely increase in traffic as a result of planned development.

Q: 51, 52 & 53. Besides the general observation that there is likely to be approximately 35% increase in goods traffic in the course of the next Five Years, no specific details could be given at this stage.

Q: 54 & 55. The general considerations governing the formulation of a scientific freight policy have been set forth in our preliminary observation and in reply to different questions.

## BOMBAY

### Bombay Chamber of Commerce, Bombay.

#### GENERAL.

(1) *Rates for full wagon-loads*: For many commodities no wagon-load rates have been fixed. It is suggested that there is no justification for this failure and that the provision of wagon-load rates for as many commodities as possible would not only be of assistance to trade but would also benefit the railways in that it would encourage the bulk movement of commodities and would thus result in a better utilisation of wagons and a reduction of the additional handling and expense which are involved in small consignments.

(2) *Station-to-Station rates*: A more liberal exercise by the railways of their powers to introduce station-to-station rates would encourage the movement of goods in bulk from manufacturing centres to points of distribution.

(3) *Freight Rates on Manganese ore*: It is submitted that there is a strong case for a reduction in freight rates on manganese ore. This case will be evident from the following tables which, in respect of the years 1948 to 1954, show the F.A.S. prices of high grade ore at Bombay and Mormugoa as compared with the contemporary freight rates from the producing centres:—

	F.A.S. Bombay Price of High Grade Ore. (Exclusive of Export Duty)	Freight Rates from Ramtek (Nagpur) (Central Rly.) to Bombay per Ton (Madhya Pradesh Ore.)
	per ton.	per ton.
1—1—1948	Rs. 77/-	Rs. 11 14 0
1—5—1948	77/-	14 7 8
11—6—1948	100/-	19 15 4
1—1—1951	122/-	21 13 9
1—9—1951	122/-	22 4 9
1952	138/-	22 4 9
1953	175/-	22 4 9
1954	85/-	22 4 9

	F.A.S. Bombay Price of High Grade Ore. (Exclusive of Export Duty)	Freight Rates from Ghampaner Rd. (W.Rly.) to Bombay per ton (Gujarat Ores.)
	per ton.	per ton.
1948	Rs. 89/-	Rs. 7 10 6
1950	89/-	10 10 2
		13 3 0
1951	108/-	15 14 1
1952	132/-	15 14 1
1953	145/-	15 14 1
1954	95/-	15 14 1

	F.A.S. Mormugoa Price of Ore.	Freight Rates from Dandeli (S. Rly) to Mormugoa Harbour.
	per ton.	per ton.
1948	Rs. 28 13 6	Rs. 8 2 6
1950	—	—
1951	—	14 8 0
1952	80 0 0	14 8 0
1953	90 0 0	14 8 0
1954	60 0 0	14 8 0

From the foregoing figures it will be seen that the manganese ore trade enjoyed prosperous conditions from 1951 to 1953, very largely as a result of the Korean war and of American stock-filing operations. These factors are no longer operative however and in addition new sources of manganese have been exploited in South America and West Africa, while Russia, after an absence of 15 years, has re-entered the international market as a large-scale producer. The result has been that the manganese ore trade underwent a slump in 1954 and that the future prospects of Indian Manganese ore are threatened by competition from sources of supply which are more conveniently situated in relation to the consuming countries in America and Western Europe.

When the trade was enjoying its temporary boom during the Korean war years, the railway freight rates, as will be seen from



the above figures, were very steeply increased. They have not subsequently been reduced however to correspond with the recession in prices, and the result is that freight costs are now a very considerable embarrassment to the competitiveness of Indian ore. The Chamber would point out in this connection that it has apparently always been recognised by the railways that the tariff rates for manganese ore were more than the trade could bear and that prior to 1948 it was the invariable practice of the railways to grant a substantial concession on the tariff rates. The present fierce competition and depression in the trade makes it desirable that the increased freight rates which were introduced from 1948 onwards should be substantially reduced in the interests of maintaining India's competitive ability in international markets and safeguarding the trade's future prospects.

4. *Coal Shortages*: Losses occasioned by pilferage or otherwise are particularly serious in the case of coal consignments. It frequently happens that, apart from transshipment from broad to narrow gauge, coal has to be transhipped from one wagon to another during the course of transit, presumably because the original wagon becomes unserviceable. It is inevitable that such transshipment should result in some shortages and formerly the railways were prepared to make good any shortages in excess of 10%. Apparently however on the ground that coal is consigned at owner's risk, the railways now-a-days refuse to accept any liability for these losses.

The Chamber would submit that it is unfair that railway users should have to bear the heavy losses which occur when coal is transhipped. It would point out that coal stands in a class by itself and is subject to a special tariff and that the fact that it is consigned at O.R. is nothing new and did not formerly prevent the railways accepting liability for transshipment losses. In the Chamber's opinion therefore, it is only fair that the railways should agree to make good, either in cash or kind, losses in excess of 5%.

#### PART I-A.

Q: 1. (a) There have been no appreciable changes resulting from the revised freight structure of 1948.

(b) Yes. The Chamber is not aware of any particular instances where the adoption of this principle has had an adverse effect.

(c) The Chamber is not aware of any effect in this connection.

Q: 2. (a) The present arrangements are not sufficiently flexible.

(b) The Railway Administrations do not appear to exercise their discretion.

Q: 3. (i) No. Both class rates and wagon load scales should be related to the value of the commodities.

(ii) (a) The basis of standard telescopic wagon-load scales should be placed on the same mileage principle as for class rates, i.e. 300/300 plus.

(b) In the absence of statistics the Chamber is unable to offer any comments.

Q: 4. As there is so little traffic beyond 1,500 miles the maximum should be abolished or should be introduced for the remaining wagon-load scales also.

Q: 5. (i) The principle of a separate levy of terminal charge is inequitable and therefore should be discontinued.

(ii) The principle of the 'short distance' charge should remain.

(iii) The transshipment charge should be abolished.

It is not anticipated that any appreciable loss in revenue would be entailed in implementing the suggestions made above.

Q: 6. It is recommended that there should be no change in the present distance unit for charge.

Q: 7. There is no case for any alteration.

Q: 8. The empty haulage charge should be abolished.

Q: 9. No objection.

Q: 10. The present general classification of goods traffic is unscientific and unsystematic and, in the Chamber's opinion, should be thoroughly overhauled in consultation with affected interests. The present classification is intended to be based on what are called the transportation characteristics of the goods concerned, but in fact it is the outcome of a long process of evolution and it is doubtful if it does in reality adhere to any formula or scientific principle. As a result, commodities are subject to extremely odd and irrational groupings.

To illustrate the deficiencies of the present rates structure, the Chamber would quote the case of Vanaspati, Butter and Ghee which are all grouped under Class 10 RR and Class 8 OR. Vanaspati is an essential article of food which is used throughout the country and the present annual production is about 250 000 tons; both Ghee and Butter, on the other hand, are in a price range which makes them a semi-luxury article and the trade in them is mere fraction of the Vanaspati trade. The rating of all the three commodities on a similar basis is therefore incongruous.

Q: 11. Consignments in bulk should be carried at lower rates than 'smalls', and therefore there should be wagon-load rates for all commodities.

Q: 12. The minimum charge needs no revision.

Q: 13. The minimum charge needs no revision.

Q: 14. It is recommended that the minimum weight be raised to 20 seers.

Q: 15. The Chamber does not favour any change if this means increasing the present level of rates.

Q: 16. (i) There should not be any revision in the upward direction.

(ii) The present class rates for 'smalls' should be retained and

wagon-load rates introduced for all commodities for which there are at present no wagon-load rates.

(iii) The Chamber is in favour of this suggestion.

Q: 17. The introduction of 'train load rates' is desirable and it would encourage co-operation among users to synchronise their consignments in the interest of economy.

Q: 18. The Chamber does not advocate an additional charge.

Q: 19. The Chamber has no suggestions to make regarding the conditions of supply, but urges that cranes should be provided at all important stations and that rates should be uniform on all Railways as far as practicable.

Q: 21. (a, b & c). The Chamber does not favour any revision of the existing rules and charges. Where alternative modes of transport are available, merchants do resort to them, especially when there is a stringency of wagons, but this should be a matter of choice and not made compulsory.

Q: 22. The Chamber has insufficient information on this point.

Q: 23. The creation of a freight pool for some commodities so as to keep uniform the freight rates irrespective of distance is not advocated.

Q: 26. The Chamber advocates lower freight rates to further the economic progress of the country.

Q: 27. The Chamber has been informed that requests were made to the Railways to waive the 'short distance' charge for large-scale movements of (1) limestone from Sitarampuram to Tadepalli on the Southern Railway, (2) limestone and clay from Ranavao to Porbandar Docks and from Okhamadi to Dwarka on the Western Railway & (3) limestone from Kailaras and Samai to Banmurgaon on the Central Railway. The requests were conceded in the case of items 1 & 2, but refused by the Central Railway in the case of item 3 without assigning any reason therefor and an appeal to the Railway Board in the matter proved fruitless.

Q: 29. See answer to Question 1 (b).

Q: 30. The Chamber is in agreement with the suggestion that station-to-station rates should be revived so as to foster the development of new industries and to assist export trade. The volume of business offered should be the criterion by which to decide the quantum of the station-to-station rates.

Q: 31. It is agreed that the railway freight rate policy should not be based solely on consideration of the economics of transportation and the needs of railway finance. The Railways should be prepared to rationalise their freight structure in the interest of the development of the country's industries.

Q: 32. No.

Q: 33. Assistance should be rendered to newly planned industries, but through means other than the fixation of freight rates. The Chamber would advocate special consideration being shown for the economic development of underdeveloped areas, but again through means other than the fixation of freight rates.

Q: 34. No extra charge should be made to the public or trade in order to make unremunerative or new lines pay. The Government should reimburse the Railways for any loss the latter may incur and they should also carry out periodical examinations to ascertain the reasons why the line is unremunerative and if necessary, close it down.

Q: 36. All the surplus revenue should be directly allocated to progressive improvement in the standard of railway services.

38. It is understood that ceiling prices are fixed with reference to existing freight rates and that therefore no adjustment of rates would follow from the fixation of ceiling prices.

Q: 39. The Chamber is not aware of any particular instance of this kind, but in principle it considers that goods should be carried only at economical rates.

Q: 40. As the items of expenditure mentioned are of the class ordinarily chargeable to current revenue, it is considered that they should be met out of the increased revenue accruing from the additional traffic and that there should be no increase in freight rates to meet these charges.

Q: 41. The adjustment of a flexible rate should be made both ways, and for this purpose the Railways should be constantly in close contact with a representative body of the Export Trade. The co-ordination between the two should be complete.

Q: 42. The Chamber would mention in particular that post-war congestion in the docks and the aggravation of shipping difficulties are reflected in the quantum of goods now carried by rail; and another major factor is, of course, the post-war increase in production.

Q: 54. In principle a distinction should always be made between bulk movement and smalls. The freight structure should be so framed as to enable consignors to ascertain readily the actual inclusive rate per maund per mile for any particular commodity over any particular journey.

## PART II.

Q: 2. (a) No exact extent can be judged, but insurance over and above the higher freight rates is effected in cases where the goods are intrinsically of higher value and more than ordinarily liable to theft, pilferage and damage. Moreover, inasmuch as Railways do not accept responsibility in the case of claims arising out of thefts from running trains and in the case of fire, consignors are obliged to resort to private insurance in spite of effecting despatches at Railway Risk.

(b) All kinds of risks, viz., theft, pilferage, non-delivery, damage, breakage, bursting of bags, leakage due to breakage of bottles, rain water damage and strike, riot

and civil commotion. The rate of premium varies from  $\frac{1}{4}\%$  to 1% in the case of ordinary goods, but can rise to 5% or 6% in the case of especially fragile commodities such as bottles, glassware, etc.

Q: 7. (a) Theoretically there is no doubt that there should result a benefit from the alteration, but in practice it is not possible for a consignor to prove negligence on the part of the Railways and consequently the benefit to the trading public is nil. Moreover, the statutory duty of the railways, under Section 74-D of the Railways Act, to disclose how the consignment was dealt with throughout its journey is in practice never fulfilled.

(b) In accordance with the answer to 7 (a) above, it is not understood how these provisions could have operated to the disadvantage of the railways.

Q: 8. The Owner's Risk liability should be abolished and the differentiation in rates be applied on a weight and/or volume basis.

Q: 9. See answer to 8 above.

Q: 10. It is considered desirable that—

- (a) Owner's Risk classification be withdrawn for all commodities.
- (b) The present Railway Risk rates be retained for smalls.
- (c) Bulk rates at Railway Risk be introduced for all commodities.
- (d) These bulk rates be a fixed percentage lower than the rates for smalls.

Q: 11. See answer to 10 above.

Q: 12. It is agreed that railways should accept goods for transport at railway risk only. The trade should not have an option to relieve the railways of any portion of their risk under any circumstances or conditions whatsoever.

Q: 13. As it advocates that consignments should be carried at Railway Risk only for

all commodities the Chamber is opposed to any relaxation in packing conditions; but the existing packing conditions should be radically revised as most of them are now totally obsolete.

Q: 14. Section 72-A provides no relief to the sender of the goods as it does not specifically state any safeguard or relief to the sender of the goods. It should be revised.

Q: 15 & 16. In view of the recommendation that all carriage should be at Railway Risk it is thought only fair that railways should lay down different packing conditions for different commodities, in consultation with the trade, and these conditions should be enforced strictly by the railways.

Q: 17. (a) Ancillary booking centres should be provided in cities as parcel offices and passage booking centres. Goods should be accepted at these centres and moved to goods sheds at the Railways' own convenience. The provision of warehouse space would not serve any useful purpose.

Q: 18. (a) The Chamber is not in favour of the continuance of this provision and advocates that the Railways should assume the liability of a common carrier.

Q: 19. A specially trained police force, condign punishment of the delinquent, insistence on sound packing, payment of reward to the informer, and immediate closure of all avenues open to the thief or pilferer as soon as a case is detected, are measures which would help to meet the situation. Moreover, the assumption by the Railways of the liability of a common carrier would act as an effective incentive for the prevention of loss and damages.

The Chamber would also urge a prompt and thorough implementation of the Railway Corruption Enquiry Committee's recommendations.

Q: 21. Disposal of claims should be expeditious.

## The Indian Merchants' Chamber, Bombay.

### GENERAL

I am directed by the Committee of the Indian Merchants' Chamber to submit this Memorandum on the Questionnaire issued by the Railway Freight Structure Enquiry Committee. My Committee have very carefully considered the questions listed in the questionnaire in the background of the factors determining Government's Railway Policy and in the historical perspective of the evolution of the present freight structure as a part of that policy. In view of the importance of designing a sound freight structure policy which has been recognised by the Railway Ministry as an indispensable

condition in the growth of the country's economy on proper lines as envisaged in the scheme of Planning, my Committee consider it necessary to offer a few preliminary observations on the fundamental principles that should determine Railway Policy in India in general and the structure of freight rates in particular. They emphasize that it is very necessary that in working out the details of the freight structure, these principles should be prominently borne in mind and the process of realising the wider objectives of the economic policy of the country, particularly in the sphere of

planned development, should be strengthened and stimulated by a purposive Railway Freight Policy.

The Railways are the largest asset of the nation. The principles on which they operate, the efficiency with which they function and the speed with which they adjust themselves to the requirements of the developing economy are all of great importance in the evaluation of the services of the working of this asset to the nation. The Railways are also an essential public utility undertaking. My Committee, therefore, submit that the three basic factors which should determine railway policy and the structure of freights are :

- (i) the requirements of a developing economy,
- (ii) the utility of the service to the public, and
- (iii) the commercial value of the services.

There must obviously be an adjustment between these three requirements in such a manner that the Railways are ensured financial stability, the users are satisfied with the adequacy, efficiency and cost of the service and the nation is helped to march on the road to increased industrial and trade activity. My Committee emphasize that in the operation of the Railways as a national concern, the commercial principles should, no doubt, be strictly adhered to in obtaining stable and satisfactory results, but at the same time financial expediency should be limited by the two other fundamental factors of efficient and economic services to users of different categories. Any maladjustment in the scale of rates and charges for the carriage of goods traffic, or the lack of a properly designed framework of freight rates, would not only seriously hamper the growth of trade and industry and thereby the rate of economic development, but would also affect the financial position of the Indian Railways, who derive a substantial part of their revenues from such traffic, the annual goods freight earnings averaging about Rs. 150 crores. Therefore, in reviewing the working of the structure of freights as at present operating and in formulating the new policy, the factor of revenue alone should not be the main or the dominant criterion. The emphasis should be on the Railways being geared up to subserve the larger objective of facilitating planned development.

Before the revision of 1948 trade and industry were not given an opportunity to express their viewpoint on the scope and scheme of charges. As such, the present rate structure is the result of an investigation by a Departmental Committee in an economic background which has radically changed. It is necessary to bear this in mind so that it should not be presumed that the present structure has been an improvement and therefore requires only specific adjustments to suit particular cases. The position requires to be reviewed as a whole and in the context of the over-riding need to accelerate the pace and tempo of development.

The 1948 revision has mainly aimed at simplification and rationalisation of the previous rates structure *inter alia* by standardisation of charges over the newly nationalised

Indian Railways. Telescopic rates on a continuous mileage basis, irrespective of railway boundaries, were introduced for the first time, the unit charge declining with increase in distance. While in principle the telescopic rate is sound, in the process of application the beneficial effects of the new system of rating have been nullified. In the last six years of its operation it has adversely affected trade and industry by increasing the burden of charges. Firstly, the distance of haulage and the length of the first leg have not been determined with due regard to the normal movement of goods traffic in India. The additional imposts have increased the overall burden on short-distance traffic. The restriction of the facility of station-to-station rates has increased the charges for industries and factories which were previously dependent on such rates on a concessional basis. There have been no experimental rates at all since 1948. Secondly, the principle of classification of commodities has ignored the value of the goods and the capacity of the latter to bear the cost. Almost all the commodities have been upgraded and the increase in class rates has directly increased the charges. Thirdly, the significance of special rates has been overlooked. Thus the new structure has become so rigid in application that it cannot satisfy the urgent demands of a dynamic economy, set to grow at a defined rate of development.

While my Committee have pointed out at appropriate places in the Memorandum the deficiencies in the existing structure and the needs of the situation, they would like to point out here the essential considerations which should weigh with the Departmental authorities in determining and applying the freight structure.

The experimental rates are not merely concessional or preferential which involve permanent loss to railways. These are mostly developmental rates which industries in their infancy require by way of assistance up to a period. These rates should form an integral part of the rates policy and can be dispensed with when specific industries which receive these rates grow up. The development rates are an essential method by which transport policy can be geared to the need of an expanding economy. My Committee therefore are of the view that during the second period of the Plan, a liberal use of the method of special rates would go a long way in the railway services being able to assist the development of industries. My Committee have also pointed out in the Memorandum how the movement of essential raw materials to industries has to be borne at high cost under the present structure. In the regional distribution of new industries, there would be need for charging appropriately low rates for the movement of raw materials as well as for short distances. Short-distance traffic has been burdened by an increase in rates over short distances on account of the telescopic rates, the continuation of the short-distance charge and standardised terminal, the incidence of which is heavy on short-distance traffic. Any rigidity in the working out of standard rates or uniformity in classification will be highly detrimental to the interest of growing industries.

It may be necessary sometimes for the railways to carry traffic at loss as in the case

of the livestock or strategic goods in the interests of national economic development. Such losses reflect the utility characteristic of the railways which has been often lost sight of in fixing the freight rates or classifying the goods. The freight structure of the railways cannot always work on the principle of average cost while the element of differential capacity to bear the cost and the differences in the necessity for movement of goods traffic exist. Therefore, my Committee urge that in this formative period of Planning, the structure of rates should be left flexible, simple and non-discriminating and satisfy the strategic needs of the country in the movement of essential supplies for industrial development and expansion of our foreign trade.

The grievance that the existing freight structure is rigid and does not adequately provide for extending special consideration for meeting the exigencies of the requirements of particular industrial movements is again reflected in the fact that the Tariff Commission from time to time, while examining the case for assistance to specific industries, had occasion in the past to be outspoken in their recommendations in regard to the freight structure as applying to the particular industry proving to be a handicap in its proper development and consolidation. In a developing economy, therefore, it would be necessary to give due emphasis to the fact of the railway freight structure and its administration being made sufficiently flexible, so as to meet the exigencies of the requirements of particular movements. Whether the powers in regard to the extension of concessional facilities for efforts particularly of a pioneering character, are to be exercised on the basis of a review of the circumstances of the case by the Railway Head-quarters or by the Commercial Head of the particular Railway Administration is a matter of detail. The main issue is that the duty and responsibility of the Railways to render such special assistance should be explicitly recognised.

In concluding the preliminary observations, my Committee would like to stress that the present outlook of the Railway Administration in focussing the investigation on the financial implications of any revision in the freight structure should change and a bold and constructive policy with a comprehension of all the factors which influence the freight structure should be adopted. In their view the broad determinants of a sound freight structure are :

- (1) stable revenues to meet the operating cost of railways including depreciation and reasonable reserves,
- (2) creation of opportunities for increased volume of traffic and progressively larger earnings, through the institution of developmental rates and the exploration of ancillary activities which can be undertaken by railways, and
- (3) efficiency in the movement of traffic within a specified time and in the performance of the service.

My Committee hope that the Railway Freight Structure Enquiry Committee will give their most careful consideration to the general background of the conditions of

economic development in the country in deciding the most suitable policy of freight structure.

#### PART I-A.

Q: 1. (a), (b) & (c) The changes in regard to the general classification of goods effected in 1948 were broadly two-fold. The number of classes was reduced from 16 to 15. The commodities were also re-classified under the revised scheme. In effect, in the process of re-classification most of the commodities were upgraded by one class. At the same time, in the process of the implementation of the scheme, many of the scheduled and station-to-station rates previously in force were abolished. Cumulatively, the result was an increase in the general incidence of freight charges.

The second major change introduced in the year 1948 was the adoption of the principle of telescopic rates on continuous mileage. While basically the telescopic system of charging has much to commend itself, both from the point of view of the underlying principle as also from that of the rationale of rating, the basis adopted for the purpose of its implementation in our rating system left much to be desired. The benefit of the telescopic principle depends largely not merely on the number of legs for the purpose of the variation in the rates of charges, but also on the distribution of those legs in the different distance ranges. Under the arrangement in force, a distance of 300 miles each has been fixed for both the first and second legs. In the fixation of the above ranges of distances, the practical realities of the situation obtaining in the country in regard to the normal haulage of day-to-day requirements of materials do not seem to have been given adequate emphasis. The average distance of general haul is very much below the range of the first leg. Particularly in respect of movement of industrial requirements both the raw materials required for manufacture or fabrication as also the finished products requiring to be moved to consuming centres have generally to be hauled for relatively shorter distances. It would be correct to say that in a large majority of such cases, the movement is not for a distance of over 100 miles. It follows, as a matter of course, that as the bulk of movements is within the range of the first leg and as in respect of such traffic the lower incidence of the telescopic principle does not accrue, the introduction of the new system has not, on the whole, been of practical advantage. Thus, short distance traffic has come to be penalised in a two-fold manner as a result of the 1948 changes. The reshuffling of the classification led to an element of upgrading. The introduction of the telescopic principle with a high distance range for the preliminary leg made the cost of transport for the bulk of movements higher. If the telescopic principle is to prevail and continue, the remedy seems to be in reducing the distance range for the preliminary legs, increasing the number of legs and making the graduation in the rates more realistic.

As referred to earlier, the revised structure of freight had the effect of increasing the cost of short and medium haul traffic. The handicap on short distance traffic



has further been aggravated by the operation of other imposts and levies. These levies are the short distance charge, the standard terminal charge, the minimum distance charge and lastly the overall minimum charge of Rs. 1/12 per ton. The cumulative effect of all these charges on short distance traffic has been to increase the overall cost of transport and thereby increase the cost structure particularly in manufacturing activities. It might be argued that, notwithstanding this increase, there has not been any considerable diversion of traffic and that, so far as the railways are concerned, the tonnage carried has been on the increase. The position is due to the absence of effective means of alternative transport. There have been limitations and handicaps in the way of increased use of road transport for supplementing the transport requirements of the community. When the choice of the user of transport is restricted by a variety of inhibiting factors, the maintenance of existing volume of traffic or even its increase should not be adduced as an argument justifying the reasonableness of the prevailing level of charges.

An attempt is made hereunder to indicate by instances the effect of the 1948 revision.

- (i) A cement factory was established at Sikka, Saurashtra, on the basis of the facilities offered by the then Jamnagar & Dwarka Railway, the most important of which were the concession in freight rates allowed for raw materials. The rates were successively increased when the then Jamnagar-Dwarka Railways were merged in the Saurashtra Railways and when the latter, in turn, were merged with the Indian Railways. The rate from Bhatia to Sikka (a distance of 53 miles) as in force on the Jamnagar-Dwarka Railway was Rs. 1/3 per ton while the increased rate prevailing from 1-4-1950 works out to Rs. 4/14 per ton, i.e., an increase of 300%.

- (ii) The introduction of revised rates and the abolition of station-to-station rates have seriously affected the transport costs for sugar, as will be evident from the undermentioned details:

From	To	Old Rates per maund	New rates per maund
		Rs. a. p.	Rs. a. p.
Dalmianagar	Howrah	0 8 9	1 1 9
Sachara	"	1 5 6	2 7 3
Rampur	"	1 2 6	2 5 5

Simultaneously cane transport rates also went up considerably. Thus while the previous rates were Rs. 11/4 per truck of sugarcane irrespective of capacity upto 25 miles and Rs. 12/6 per truck from 25 to 35 miles, the new rate quoted was Rs. 39 per truck of 22 tons capacity upto 49 miles. In the case particularly of short distance movements, of say about 10 miles, the increase was of the order of about 700%.

- (iii) A chemical factory set up at Mithapur was given special rates for conveying their products to

Okha at a distance of 7 miles. The increase in rates for the different products is as below:

Product	Old Rates Rs. a. p.	New Rates Rs. a. p.
Soda Ash	0 1 5	0 2 11
Caustic Soda	0 1 5	0 2 11
Bleaching Powder	0 1 6	0 2 10
Hydrochloric Acid	0 2 6	0 5 5
Liquid Chlorine	0 1 3	0 3 10

In the case of Magnesium Chloride industry, the incidence of the freight charges on the raw materials used in the process of manufacture as also in transporting finished products, particularly to market centres, has been found to be very high. The Enquiry Committee may obtain from the undertaking concerned the details relating to the grievance of this industry so far as the burden of the railway freight charges is concerned. Paper, tobacco, cotton, timber etc. are some of the other items and commodities on which the incidence of the revised structure is found to be pressing heavily. The respective trade and industrial interests, it is hoped, will furnish the Enquiry Committee with specific instances in their respective spheres, illustrating the scope and range of the increase after 1948. (See Statement annexed)

Q: 2. (a) At present the rates fall into three divisions, viz, the standard telescopic class, the standard telescopic wagon loads class and the station-to-station rates. Commodities have been grouped into 15 classes and for each class maximum and minimum rates have been prescribed. The grouping of commodities into classes is for the purpose of arriving at the rate to be charged where no station-to-station rate is fixed.

Although, thus there is provision for variation in the rate between the maximum and minimum for each class, in actual practice, the Railway Administration is generally disinclined to exercise the discretion in favour of a lower rate even within the maximum-minimum range. In the same manner, although there is a general provision for the grant of special station-to-station rate facility, the Administration generally does not favour the grant of such special facilities save for exceptional cases. The facility of station-to-station rate was previously being granted more freely. Although technically the present structure and arrangement may imply an element of flexibility, in actual application and practice it can more or less be said to be working in a rigid manner. It is also the general feeling that the Railway Administration when they were under Company Management had vested in the man on the spot greater powers of discretion. The Commercial Department of the Railways used to vary the rates to suit the exigencies of particular situations confronting a trade or industry. The Railways were also then in a position to quote experimentally concession rates as also to hold out promise of additional concession when increased traffic materialised. The concession given on the basis of expectations of increased traffic could similarly be withdrawn when such expectations were not realised. It would appear that after 1943 the system of quoting experimental rates either to attract traffic or to encourage the same has been discontinued.

In order that the rate structure may work in a flexible manner the Commercial Departments of the Railways should be encouraged to exercise their discretion in a free and practical manner and should be given powers to investigate the position and condition of a particular traffic and grant concessional terms, within of course prescribed limits, for nursing or encouraging such traffic. The fear that the Officers above may question the wisdom or appropriateness of any concession is, it is feared, coming in the way of those in charge of the commercial section taking an enlightened interest in developing or stimulating traffic by special inducements or reduced terms of rate. In short, the chief man on the spot should have greater freedom and scope for initiative in adjusting the rate structure to the exigencies of the situation confronting a particular trade or traffic.

Q: 3. It may be *prima facie* suggested that the existence of 15 class rates and 13 wagon-load scales provides a sufficiently detailed classification. But on closer examination it will be observed that the present arrangement is neither rational nor does it meet the requirements of the situation. In the first place, the grouping of articles under the different class heads does not seem to be scientifically done, nor is it based on considerations of affinity. Secondly, while most of the commodities have been given a class rate, wagon-load scales are available to a limited number of 80 articles alone out of a total list of nearly 3,500. There should be greater encouragement for movement in wagon loads and towards that end the provision of lower rates for wagon-load movements should cover a wider range and should be more extensive than at present. Again, wagon-load rates are available only for items which fall within the first 3 class rates. The facility of reduced wagon-load rate should be more liberally applied and should not be confined, as at present, to commodities coming within the first group in the class rates.

The progression in the class rates also requires some degree of re-adjustment. After class 12, the rate of increase is markedly steep. As mentioned earlier, an attempt should be made to re-classify articles on a more rational and simplified basis. At present, in class 2 chemical manures is grouped with bamboo; saw-dust comes along with agricultural implements; again, grass with billets and blooms; waste paper with straw-board, and so on. Raw materials are found placed in the same group as articles having undergone some degree of manufacturing process. A simplified system of classification may be attempted, and in the scheme of such a re-classification the needs and requirements of the developing economy of the country should receive due emphasis. It is suggested that the Inquiry Committee may consider the feasibility of grouping commodities into classes, more or less, on the following basis:

- (1) Low cost materials obtained from earth without much labour or not involving considerable financial outlay, such as sand, limestone, clay, gypsum, etc.
- (2) Ores of various kinds, and cheap products made from earth (brick, billets, etc.).

- (3) Produce of Agriculture, including cash crops.
- (4) Semi-finished goods.
- (5) Finished goods and industrial products.
- (6) Goods of a specialised character having a higher price structure.

The grouping as above is given only on an illustrative basis. The matter requires closer expert investigation. If the Inquiry Committee in principle accept the need for a scheme of re-classification based on 'affinity' or 'end-use' of the articles concerned, then the task of framing such a fresh classification should be entrusted to an Expert Committee on which, besides representatives of the Railway Administration and the Departments mainly concerned, non-official, commercial and industrial interests should be included. The process of fixing up rates for such a revised basis of classification would also require expert scrutiny. While such rating may normally be done on the consideration of the accepted principles of the capacity of the traffic to bear, due thought will have to be given to the over-riding needs of stimulating and assisting the pace of economic development in terms of our planned programme.

The appropriateness and the adequacy of the number of 'legs' or the distance range between the legs under the scheme of telescopic class rates will have to be judged in relation to the average distance over which normal movements take place under the existing conditions. The first leg in the existing schedule covers 300 miles and for this distance the rate applicable is the highest. It must be realised that under the existing pattern of organisation of economic and trading activities, the bulk of the articles moved on the Railways are for much shorter distances than the range covered by the first leg. While the Railways will no doubt be in a position to furnish the Inquiry Committee with the data relating to the average distance for movements of all categories of goods, the general experience of trading interests overwhelmingly supports the viewpoint that normally goods are not transported over a distance of 100 miles, except in the case of limited number of goods. The main movements to be reckoned with for the purpose of examining this aspect are those of raw materials to factory ends and of the finished products to consuming centres. The bulk of the movements under the above main categories would be within a distance range of 100 miles. Therefore, the first 'leg' under the telescopic schedule of rates should not exceed 100 miles.

Q: 4. Although India is a country of long distances, the range of normal movements is comparatively restricted. Occasions for movement of traffic in one stretch for 1,500 miles and over would indeed be limited, and those limited occasions would be justified by circumstances of an exceptional character. The position, therefore, that beyond a distance of 1,500 miles no charge is actually made for transport would remain a notional one. Theoretically each additional mile moved may be deemed to add to the Railway's cost. But in the light of the actual conditions of movement ranges, it is reasonable to suggest that no change



need be made in regard to the existing position of no charge beyond 1,500 miles.

The maximum rate fixed is now available for two of the wagon-load scales out of 13 and for the coal scale. There is no justification for confining this facility to only two of the wagon-load scales. Logically, it should be extended to the remaining wagon-load scales also. The very idea of prescribing wagon-load scales is that movements in regard to articles or commodities covered by the wagon-load group are of an important and essential character. The facility of a maximum rate should be extended to movement of all essential supplies, such as food-stuffs and textiles, and plant and machinery required for developmental activities. Movements of these articles are also as essential as movements of coal.

#### Q: 5. Terminal Charges :

The terminal charge is sought to be justified on the ground that it compensates the Railway for the cost of the additional services rendered and amenities provided in the process of transportation. Terminals have been defined as a 'reasonable fee to cover charges for services, such as working charges, repairs, renewals, insurance of station buildings, sidings, sheds, platforms, warehouses, cranes, turntables, weighing machines, hydraulic power, fixed appliances, machinery, etc., ground rent, loading and unloading, clerkage, weighing and checking of goods, stores, covering, portage and other labour of every description, shunting, gas, lighting, rates and taxes, risk of damage in loading and unloading, cartage, claims for compensation, etc., inclusive of profit.' Based on the criterion of the above definition, different terminal charges were levied on different commodities on different Railways in the past, related to the services performed by the Railway concerned. Since 1948, however, the terminal tariff has been standardised. If the terminals are justified on the underlying principle that they represent a charge for specific services done, it is quite obvious that in the case of articles, which are booked in bulk and in open wagons without weightment, labelling, packing, storage in covered accommodation, etc., the question of any such charge should not arise, for the reason that no such special service or assistance is rendered or extended in such cases. Then again, uniform rates of charges are recovered at different places, although the facilities available or services rendered may be of a varying degree. These aspects are being pointed out to

emphasize that the present scales of terminal charges are not related to the actual services rendered.

In that view of the case, the charges levied by the Railway in the shape of freight rate should be deemed as the overall charge for all services, and the question of a separate charge for terminal facilities should not arise. In any case, in the event of the system of terminal levy being continued, then care should be taken to relate the basis of the levy to the actual extent of the services rendered. In the case of bulk movements, where the merchandise is handled in the process of loading and unloading by the owners themselves, and in the case of movements with special siding facilities, the reduction from the standard rate of the charge should not just be nominal as is the case at the moment. On such occasions the terminal services rendered by the Railways are less significant and, therefore, the terminal charges levied should be related to the extent of such services.

#### Short-distance charge :

Where the aggregate distance of movement is less than 15 miles, a special levy in the shape of a short-distance charge is recovered for general merchandise at 6 pies per maund. The continuation of this levy, which is a relic of the past, after the introduction of the telescopic system of freight rating can on no account be justified. When the basis of freight fixation was a flat rate, an additional charge for traffic moving over short distances might have some economic justification. The telescopic system of charge, however, itself provides for relatively heavier burden on short-distance traffic. Under that system the gradation and scales are such as to place a handicap on shorter distance movements. In the altered context of affairs resulting from the adoption of the telescopic system, there is therefore no economic justification for continuing the short-distance charge.

Again, short-distance traffic largely moves in 'local wagons' of non-poolable type. The turn-round of local wagons is much quicker and, therefore, there is no loss on account of wagon occupation as may be the case in respect of wagons moving over longer distances. Below are given details of an instance to illustrate what proportion of the total charges is borne by the short-distance and terminal charges as also to what extent these imposts serve to increase the incidence of railway freight :

#### Example I:

Station-to-station rates	Short-distance charge	Terminal charge
Freight 16 pies	6 pies	12 pies
(Total 34 pies per md.)		
Short-distance charge accounts for	...	17.7% of the total rate
Terminals account for	...	35.0% of the total rate
<hr/>		
Both the above account for	...	52.7% of the total rate
Short-distance charge is	...	37.5% of the actual freight
and		
Terminal charge is	...	75.0% of the actual freight
<hr/>		
Both these represent	...	112.5% of the actual freight

**Example II:**

Station-to-station rates Freight 9 pies	Short-distance charge 6 pies (Total 27 pies per md.)	Terminal charge 12 pies
Short-distance charge accounts for	...	22.0% of the total rate
Terminal charge accounts for	...	44.0% of the total rate
Both the above account for	...	66.0% of the total rate
Short-distance charge is	...	67.0% of the actual freight
Terminal charge is	...	133.0% of the actual freight
Both these represent	...	200.0% of the actual freight

It is relevant in this connection to emphasize that bulk movements of industrial requirements are largely short-distance traffic, and it is illogical that the scheme and structure of rate should impose a special burden particularly on such industrial requirements by the levy of a special short-distance charge. There is, therefore, an overwhelming case for altogether abolishing the short-distance charge as also the terminal charges. So far as the terminal charges are concerned, at any rate, even if the same are allowed to continue, they should show greater relationship to the actual services rendered.

**(iii) Transshipment charges :**

The freight charges paid should be deemed to cover all charges for services rendered by the Railway from the time of loading of the consignment to the point of actual delivery. It is, however, acknowledged that Railways have to incur additional expenses at break-of-gauge points for the transshipment facilities. There may be some justification for the Railways being entitled to be compensated for this additional service by an extra charge. At present, a charge at 3 pies per md. on 'smalls' and 2 pies per md. on wagon-load traffic is being made on account of transshipment. The question naturally arises as to whether the charge is actually intended to cover the additional cost involved to the Railways or it also includes an element of surcharge. While no doubt the ideal arrangement would be to work under a scheme of an overall rate of freight charge, if the scheme of a special charge for transshipment is to continue, the Railways should be required to give greater attention to the general complaints about the unsatisfactory arrangements connected with transshipment of goods at break-of-gauge points. These complaints mainly are undue and avoidable delay, increasing the overall duration of the transit of goods. Again, in most of the break-of-gauge points transshipment work is carried out by manual labour, which, besides being slow, is lacking in adequate skill. Greater resort to mechanised methods of transshipment by the introduction of moveable and automatic cranes and similar mechanical appliances would assist in increasing the efficiency and speedy disposal of goods at transshipment points. The economies resulting from the utilisation of such mechanical devices as also the consequent increased utilisation of rolling stock would incidentally enable the Railways to reduce the present rates of transshipment charge in a substantial manner.

While on this we would like to draw the special attention of the Enquiry Committee to the fact that at present matters or grievances concerning terminal charges, short-distance charge, etc. are outside the scope of the Railway Rates Tribunal. If the system of these special additional levies is to continue, at any rate, the users of the Railway should have the facility of referring complaints and disputes about the reasonableness of such levies in particular cases for consideration by the Railway Rates Tribunal. In short, the last word or decision on matters concerning these additional levies should not rest with the Administration.

Q: 6. Although basically there would not be any objection to the adoption of an increased distance unit for charge, we are unable to appreciate that it would result in any facility or advantage from the point of view of either the administration or the users. On the other hand, so far as the users are concerned, a larger distance unit might result in a slight increase in the freight payable where the transport is not for a distance which is an exact multiple of the new unit. If the change is suggested for considerations of convenience in calculation for the Railways, then a system of one mile distance unit rate and a composite rate for a hundred mile distance unit may be considered.

Q: 7. It is relevant in this connection, to mention that the minimum distance for charge was increased from 10 to 20 miles in the year 1948. Short-distance traffic is already being subjected to a higher rate of charge and there should be no further burden on such traffic by any attempt to increase the existing minimum distance for purposes of charge. As it is, even for booking a distance of 10 miles the user would be obliged to pay the price of 20 miles. There is, on the other hand, a strong case for reducing the present limit of 20 miles for minimum distance. Railways, among other things, are called upon to assist the process of accelerating the tempo of economic activities in the country. It is common knowledge, that raw materials meant for manufacturing undertakings, on many occasions, move over short distances. In fact, under modern concepts of facilitating production factories are sought to be located near about sources of raw materials or within easy reach of consuming markets. Movements in respect of such short distances should not be further penalised by raising the distance limit. It is also relevant to mention that a direct consequence of any

step in the direction of increasing the incidence of freight or short-distance traffic by increasing the minimum distance would be the diversion, wherever possible, of such traffic to alternative means of transport.

Q: 8. The system in vogue at present on some of the Railways of charging for haulage back of empty tank wagons used for the transport of liquid commodities has no economic justification. It may be suggested that as tank wagons are specially meant for transport of particular forms of liquid, the chances of such wagons getting a return load are remote. But that in itself would not be a justification for a charge for return haulage. By the transport in bulk of such special items the advantage is not only for the user but also for the Railways as all incidental inconvenience of handling barrels or cans with the consequent risk of leakage in station yard, etc. is being obviated. Empty haulage occurs in the transport of other kinds of specialised wagons, for example those intended to carry animals, motor cars, etc. where the system of special return haulage charge is not in force. Haulage back is part of the normal services to be rendered by the Railway and should be covered by the normal conveyance charges. In that view of the case, we are strongly in favour of the abolition of the charge for haulage of empty tank wagons wherever it exists.

Q: 9. One of the main principles of rating is value of the service rendered. This, together with the transportation characteristics, must determine the grouping of commodities for purposes of classification. We have already earlier in our reply to Q. 3 indicated the broad lines of the basis on which any new classification should be attempted. Similarity for purposes of grouping should cover not only chemical or scientific affinity but also the end use and the prices. Care must be taken to see that the grouping is not done mainly on the basis of external similarity. Moreover, in the past it has been acknowledged that grouping as at present adopted is mainly a device to simplify and reduce the bulk of the goods tariff and that commodities listed together are not essentially similar in all respects for purposes of rating. The problem, therefore, requires *ad hoc* examination at an expert level and it is with that end in view that we have earlier suggested that, after indicating the broad considerations regarding affinity and use, value, etc. which should guide grouping, the entire problem of re-grouping should be entrusted to an Expert Committee with which non-officials should be suitably associated.

Q: 10. Our approach to the problem of classification has in the main been dealt with in our replies to Q. 3 and Q. 9. It is relevant to emphasize that classification after all is not an end in itself. It is mainly designed to facilitate the working and enforcement of a rational rates structure. While all the criteria, *viz.*, similarity, affinity, end-use, price relation, transportation characteristics have their own importance in the formulation of a scheme of re-classification, such re-classification should at the same time be adjusted to the over-riding requirement of stimulating increased economic activity by the provision of transport at rates which are within the capacity of the sectors of activity concerned to easily bear. It is noticeable

in the existing classification that in many cases goods with similar transportation characteristics are grouped together and charged on the same basis notwithstanding the fact that the value of the different items within that classification varies considerably. It is also noticed that oftentimes there are heavy disparities in rates between certain finished items and certain component items going to make up the finished product. The existence of the above and similar other anomalies in the present system of classification emphasizes the importance of an expert handling of this aspect and it is with that object that we have earlier suggested that the Enquiry Committee after indicating the main considerations which should govern the grouping of articles for purposes of classification, recommend the problem being handled by a specialised body set up for the purpose.

Q: 11. Obviously the cost to the Railway of moving traffic in wagon loads is lower than the cost of movement in smalls and, therefore, the case for a lower rate of charge for the same commodity when offered in wagon loads is on strong grounds. Apart from economy in transport space, there are other advantages to the Railways in the matter of responsibility for loss, etc. in the case of commodities which are moved in wagon loads in bulk. There is no practical method of evaluating the comparative bases of cost for the two forms of transport and on that basis to relate the rate of charges for the two. All that can be said is that the difference should not be just nominal. There should be some significant reduction for movement in wagon loads. We would here recall that in reply to an earlier question we have stressed the importance of extending the facility of the wagon-load rates for as large a number of commodities as possible. With the extension of the facility in that direction and with a lower rate of charge for wagon loads, the existing transport arrangement may result in greater movement in bulk, thereby leading to fuller and speedier use of the available transport capacity.

Q: 12. The existing arrangement of a minimum charge for consignments in wagon loads of Rs. 1-12-0 per ton on the carrying capacity of the wagon is neither rational nor justified. Wagon rates have been prescribed for a limited number of items and minimum weight limits for qualifying for a wagon-load scale are also prescribed. There is, therefore, no justification for a minimum charge linked to the carrying capacity of the wagon. After all the Railways are intended to move both the higher rated and the lower rated commodities and the rating structure again is intended to reflect the intrinsic value and the other transportation characteristics involved in the movement of the same. On all the above considerations the practice of a minimum charge linked to carrying capacity is illogical. If, however, the system of minimum charge is to continue then, at any rate, the charge should vary with the class of commodities carried.

Q: 13. It is to be acknowledged that 'smalls' would result in less wagon-mile revenue than when the traffic moves in wagon loads. But the movement of 'smalls' is also an essential facility, as at all times, all commodities cannot move in bulk. The grievance now is about the non-availability

of the facility for movement of 'smalls'. In fact, in the recent past, for certain centres, bookings of 'smalls' were not available for days together. The users, therefore, might not mind a small increased basis of charge for 'smalls', varying with the class of commodities carried.

Q: 14. If the minimum charge for consignments of 'smalls' is to be increased, this would automatically result, in a practical sense, in increasing the average weight for 'smalls'. As such, therefore, there would be no strong reason for imposing a check in the shape of an increased weight limit for 'smalls', we at the same time feel that, if the minimum weight is raised to 15 srs., the users may not be faced with any practical hardship.

Q: 15. In the light of the earlier suggestion that the minimum charge may be made to vary with the class of commodities and also further suggestion that the weight limit for 'smalls' may be increased, it is felt that it is not necessary to group all commodities carried as 'smalls' by goods train upto a maximum weight in one class. If alternative forms of transport were readily available, the users would have the choice of diverting the lower priced 'smalls' below the maximum weight and thereby saving themselves from the effect of such a restriction. In the existing conditions, any such check would mean that a lower rated commodity would bear a disproportionately high charge, because the weight is below the limit fixed. Moreover, the effect of the change or the proposal can be assessed only if some indication is available about the uniform class in which such 'smalls' upto a maximum weight are to be placed. If all 'smalls' upto a maximum weight are, say, placed in class I, there would of course be no room for grievance.

Q: 16. The existing minimum weight condition for qualifying for a wagon-load rate has been fixed, after taking into consideration the capacity of the wagon. The margin of unutilised capacity is not of such a magnitude as to necessitate an upward revision. Moreover, the trade has got itself adjusted to the present requirements in regard to what constitutes a wagon load. In fact, price quotations in certain trades are based on existing wagon loads. If at all, there may be some case for an element of flexibility for relaxing the minimum weight in a downward direction, i.e. if the consignment offered is, say 5 to 7% less than the minimum weight, even then the wagon-load rate concession should be available. We had earlier advocated the desirability of enhancing the sphere of wagon-load rates. In fact, concessional wagon-load rates should be available for all commodities moving in wagon-loads. The suggestion that the present class rates, which are intended normally to apply for small consignments, should be made applicable for wagon loads and that extra charge should be levied for movement in 'smalls' is contrary to our above views. We are therefore not in favour of the same. A reduced rate for quantities loaded beyond the minimum weight per wagon would indeed be an incentive for greater utilisation of wagon capacity and would be generally welcome.

Q: 17. The economies resulting from movement in train loads are more significantly to the advantage of the Railway

Administration than to the users. The demand, therefore, for a reduced train-load rate for such movements has every justification. After all, Railway rating is essentially guided on the basis of the cost of the service and where the cost is less by reason of such a combined movement, it is only natural that the reduction should be reflected in the charges levied therefor. At the same time, steps should be taken to ensure that the smaller user, who is always not able to arrange his movements in train loads, is not placed in a position of disadvantage vis-a-vis his larger compeer. Towards that end, the facility of clubbing for train loads should also be introduced, so that two or more smaller traders may club together their wagon loads and thereby form a train load. The Railways should encourage the development of a booking agency, which would provide facilities on a continuous basis for the clubbing of wagon loads into train loads at periodical intervals.

Q: 18. The idea underlying the suggestion of an additional charge for special express goods services ignores the economies in operation, which would accrue to the Railway Administration by such express services and the greater utilisation of the same wagon capacity by reason of the running time for which the wagons would be kept loaded for the express movements. There are other incidental advantages like the elimination of the sorting of wagons and marshalling of trains, saving of engine costs and saving of time in hauls en route are further factors resulting in advantage to the Railways. We are, therefore, strongly against any additional charge for express goods services. On the other hand, on an experimental basis every Railway should have a regular system of express goods services on nominated days between specified stations of traffic importance. As referred to earlier, movement of 'smalls' is a sphere in which there has been lot of difficulty in the recent past. The feasibility of running express goods services for 'smalls' between specific traffic centres should also be examined.

Q: 19. It will be acknowledged that in the matter of providing such facilities and ancillary services, the Indian railway system continues still to be backward. The supply of cranes and similar mechanical devices facilitating handling and movement of consignments will benefit not only the user but also the Railway administration. Apart from ensuring speedier movement and economic utilisation of wagons, such facilities would result in fuller use of storage space in yards and railway-heads, let alone all-round saving in time taken for handling of consignments. There would be no objection to the levy of an extra charge for such facilities, but such a charge should be related to the services rendered and should in fact be nominal. The extra charge for such facilities should not be conceived mainly from the point of view of additional revenue to the Railway.

Q: 20. It cannot be claimed that the present conditions under which live-stock is carried are quite satisfactory. There have often been complaints that a larger number of animals than could be conveniently carried in a wagon are being huddled together and that arrangements are far from being humane. Perhaps, the Railway administration may be impressed to give



greater regard to the social service and duty performed in the carriage of live-stock and, even if the present rates may not be deemed to justify greater space and better facilities, the economic aspect alone should not stand in the way of bringing about the necessary improvements.

Q: 21. It is facile to suggest that the over-all charge for short distance is generally unremunerative. The adequacy of the existing basis of charges should on the other hand be judged by the overall results. Are not the Railways, taken as a whole, making adequate revenues on the traffic carried by them? It is therefore improper to judge the results of the traffic by such artificial or water-tight compartmentalisation, for the obvious inference otherwise would be that they are making too much more than justified on long-distance traffic. It is not denied that short-distance traffic involves more costs to the Railways, but that is not to say that under the present rates structure the charge is unremunerative. In fact, the system of telescopic rates has recognised the justification for a handicap burden on short-distance movement and the incidence of the rate to that extent on short-distance traffic is already higher. It is also to be remembered that alternative means of transport are not readily available and to the extent they are available they have been rendered very costly by reason of a policy of heavy and oppressive motor vehicles taxation. We are not in favour of any restriction preventing Railways from carrying traffic where alternative means of transport are available. The choice should lie with the user, and where alternative forms of transport are available at equal or competitive terms and conditions, naturally the traffic may be expected to flow there under normal circumstances of demand and supply. It would perhaps be permissible for us to draw the attention of the Inquiry Committee to developments in the field of road-rail co-ordination in the past. It was then a case of putting checks and inhibitions on road traffic, so as not to attract traffic, which according to the Railways was their close due and share. After having restricted road transport by checks and burdens, it is giving a raw deal to the user now to suggest that he should be compelled to confine himself to road transport over specified distances. The freight rate should not be adjusted with a view to divert traffic to alternative transport forms, for in effect such adjustment would mean a raising of the level of Railway freight. On the other hand, the result may be brought about by assisting a reduction in the rates structure for the alternative forms of transport, so that the traffic flows to these alternative means as a natural corollary. Apart from securing relief to motor transportation from some of the recent imposts, steps should also be taken to enable inland waterways to develop and cater to the requirements of inland traffic more economically.

We would welcome all efforts to bring about greater co-ordination with a view to ensuring fuller utilisation of all available means of transport. But it should not be by any super-imposed arrangement or by any checks and inhibitions. It should be the result of a free play of normal factors. The ultimate choice of the means of carriage should rest with the user and Government

regulation in one form or another in such a sphere would lead to needless complications.

Q: 22. For purposes of factual comparison of the rates as prevailing for the different modes of short-distance transport the Enquiry Committee, no doubt, must be able to secure the figures of such rates from the appropriate departments of Government concerned with regulating the respective transport activities. We would, therefore, reserve our comments to the policy implication underlying the query. A strict comparison of the rates prevailing for the different forms of transport would be possible only when all the forms of transport are equally developed and worked more or less on a competitive basis. The position, as it obtains, however, is that the dice is loaded against motor transport. It has been acknowledged that the level of motor taxation in this country is almost the highest. In fact, it is common knowledge that by a series of measures and steps the authorities concerned had brought about a position under which the cost of motor transport was rendered so high that it was not possible for the same to offer any effective road competition to rail transport. In the case of inland water transport, the same is yet to develop on a scale and in a manner adequate to meet the normal requirements of traffic. While it would be desirable to formulate measures for the development of all the forms of transport and for ensuring their co-ordinated functioning, for the present, at any rate, no alternative form of transport can seriously compete with rail transport even for short-distance movements. There is also the other consideration that the bulk of the movements required for industry in the sphere of raw and essential materials will have to continue by rail, and so far as such traffic is concerned even comparison of rates would be merely of academic interest.

Q: 23. The idea underlying the suggestion for a freight pool naturally is to subsidise long-distance movement at the cost of the shorter hauls in the same commodity. While the importance of assisting long-distance movement particularly in respect of essential materials which, by force of circumstances, have to be transported over long distances is readily acknowledged, such assistance should not be by imposing additional burdens on the short-distance movements. Moreover, basically any such attempt at equalisation of the rate incidence would be wrong. It has also no economic justification. In most cases, location of industries is guided by natural and geographic factors and it is not the function of the Railway Administration to attempt to cut inroads into the free play of these factors. We are, therefore, not in favour of the suggestion.

Q: 24. In our reply to Question 23 we have indicated our approach to the issue of policy underlying any system of pooling. The issue of any exceptional treatment so far as jute is concerned will have to be decided on the basis of the views expressed by those representing jute interests.

Q: 25. While reiterating that we do not welcome the introduction of a system of freight pool, if notwithstanding the basic objections to the same, any such system is being enforced, then at all events, the pooled rate

should be worked by the industry concerned with the movement of the commodity in question through its representative organisation and if no such organisation exists, by a Conference where representatives of all the individual users in that sector are present.

Q: 26. The rating policy and the freight structure of the railways will necessarily have to be in consonance with the larger policy objectives underlying the developmental scheme. While, no doubt, railways will have to function as a commercial activity earning adequate charges for the services rendered by them, the social and welfare bias implicit in the overall schemes of developmental activities should not be altogether missed in the formulation of the rating policy and in the day-to-day administration thereof. In a country of long distances like ours, cheap and efficient transport plays an important part not only in furthering and stimulating the developmental activities, but also in making available to the general mass of the population the facilities and advantages resulting from that development. It is, therefore, necessary that the railway rating policy should be adjusted to the changed fiscal and economic conditions. One may here recall that, in the past, on many occasions the Tariff Commission, while examining the case for assistance to specific industries, had occasion to be outspoken in regard to the unhelpful attitude of the railway authorities in the matter of relief in the cost of freight of the essential requirements of such manufacturing industries. The form of the railway's assistance in furthering the programme of planned development is a matter of detail which will have to be worked out in relation to the facts and circumstances of particular cases requiring such assistance. But as a measure of overall policy, the railway should be empowered and should have discretion to extend concessional facilities in the case particularly of new enterprises or in the case of movements primarily intended for welfare activities not ensuring to individual benefit.

Q: 27. The factual information in regard to the extent and the number of cases in which the concession of waiving the short-distance levy has been extended will, no doubt, be furnished to the Enquiry Committee by the Railway Administration. We would, however, here reiterate our earlier views that there is no economic justification for continuing the system of additional burden on short-distance traffic. From such information as is available to us, discretion vested with the administration for the waiver of the charge has not in the past been exercised in a sympathetic manner. In one or two cases requests for assistance under this head for bulk movement of raw materials required by industry were not agreed to.

Q: 28. Here again, the factual aspect of the information required by the Enquiry Committee will necessarily have to be furnished by the Railway Administration. The continuance of such requests after the 1948 revision adds weight to the case that the introduction of the telescopic system with the existing long-distance legs has made the burden of freight charges increasingly felt by users and industries normally requiring shorter hauls. The general experience, however, is that the Railway Administration is, in some cases, disinclined to assist the

applicants by agreeing to the facility of special or station-to-station rates. An instance prominently brought to our notice is in the case of movement of gypsum, a raw material required in the manufacture of cement, from the supplying centre to centres of cement production. The facility was not made available, although movement of gypsum to the fertiliser factory at Sindri, almost under similar circumstances, is being given the facility of a special rate.

Q: 29. Normally one would have expected that the introduction of the principle of telescopic rate on the continuous mileage basis should have resulted in reducing the overall incidence of freight. But as has been pointed out in our earlier replies, the telescopic basis, in its details, as evolved has been found to be not quite scientific and not related to the practical realities of the movements position. In our reply to Question 1, we have dealt with the defects and drawbacks of the existing scheme of telescopic rates.

Q: 30. Under a telescopic system of rating it is naturally assumed that the occasion for special assistance or concessional treatment in the shape of reduced station-to-station rates would be limited and on that basis it may be sought to be justified that the action of the Railway Administration in discontinuing many of the station-to-station rates which existed before 1948 was proper. But as has been pointed out earlier, in its essential details the telescopic basis as at present worked out, is beset with certain handicaps, the chief among them being the distance range for the initial leg. The system of station-to-station rate is intended to fulfil a specific purpose, viz. to meet the special requirements of a particular traffic. For various reasons the need would arise for concessional facilities for a traffic which may have wider significance from the point of view of sustaining the economic and commercial activities in a particular area and where the exigencies of the situation justified such special treatment, the system of station-to-station rate vested in the authorities the necessary discretion. After the 1948 revision, the Railway Administrations are disinclined to grant station-to-station rate facilities on any extensive scale and even in cases where the change has been proved to result in pushing up the freight substantially, the administration, it is reported, has not been enthusiastic in giving the necessary assistance by quoting special station-to-station rate. No rating system can be so exact and scientific as to obviate the need for such special facilities to meet the exigencies of the particular situation confronting an industry or an undertaking. Again, there are certain types of traffic for which the justification for station-to-station rate is on strong grounds. Traffic emanating from a source of supply and carried to a traditional market centre, perhaps needs special assistance. Similarly, traffic consigned to export centres would have to be dealt with concessionally. We are not suggesting that, as a matter of course, in every case the station-to-station facility should be made available; each case will have to be examined on its own merit and where the circumstances overwhelmingly support the demand for special assistance, the same should be extended by quoting station-to-station rates.



Q: 31, 32 & 33. The main aspects covered by the queries in the questions under reference have, to some extent, been dealt with in our preliminary observations as also in the replies to some of the individual questions. In a country of vast distances like ours, with its economies still under the process of planned development, it is quite obvious that the role of the railway should not be deemed as confined to the mere selling of transport and recovering therefor an economic price in the shape of freight charges. The railways will have to perform an enlarged role of subserving in a purposive manner the objectives underlying the programme of planned development. In that view of the case, it should be considered as part of the duty of the railways to so adjust their freight structure as to facilitate and stimulate the needs of economic and industrial activity in any region or sector where the circumstances of the situation demand such special assistance. If in that process the railways initially are required to suffer any set-back in their earnings by reason of the concessions granted, the same should be treated as something in the nature of expenditure incurred for nursing a future traffic which both in volume and importance is bound subsequently to pay the railways back a proper dividend in the shape of additional traffic. In short, the railway rating policy should be geared up to the overall policy of national reconstruction and development and at no time the railways should be required to work in isolation on the basis of providing transport at pre-determined rates which bear an economic relationship to the services rendered.

It is legitimate to expect that the Railway Administrations should consider it as part of their duty to render special assistance to the establishment and development of new industries. If in that process they find it necessary to extend special assistance to industries newly established such assistance should not be ruled out. At the same time, care must be taken to see that the extension of any such concession does not result in placing other units in a position of comparative disadvantage. In short, there should be a machinery working at a high level which should examine and assess claims for assistance in this direction. It should be the duty of this specialised machinery to investigate applications for such special assistance in a very thorough manner and in the process give an opportunity to corresponding interests in the same sphere to state their views and objections, if any, to any such special treatment. The whole case will have to be studied somewhat on the lines on which the Tariff Commission investigates claims for protection or assistance. The duration of the special facility also should be decided in advance by the specialised machinery. In the case of industries and ventures of a pioneering character, however, such special treatment may be accorded, as a matter of course, for there is no risk in such cases of such assistance impinging on the competitive capacity of corresponding units established earlier in the same sector of activity. For the same reason, special assistance for economic development of under-developed areas should be within the purview of the Railway Administration. Here also the need, extent and the duration

of such assistance should be assessed by the specialised machinery.

Q: 34. We are unable to appreciate the suggestion for recovering charges on the basis of inflated mileage for a limited period for newly constructed railways in under-developed areas. In the first place, it goes counter to the concept of average cost of transport. The railways carry commodities with low cost and transportation is not necessarily charged at a low rate adjusted to that cost. Similarly, for transport comparatively costlier, e.g. over hill tracts, there is no special load on the charge. Moreover, any such arrangement would ignore the basic role of the railways as an instrument of nation-building importance. If in the initial years the railways have to work on some under-developed sections by incurring a loss, the same should be treated as something in the nature of an outlay for securing future traffic. With every developmental effort, the activities of the area will grow up both in volume and intensity in a period of years and the railways, in their turn and in due course, would get their share of the advantages resulting from such increased prosperity.

Q: 35 & 36. Without wishing to enter into a detailed discussion on the larger aspects of policy underlying railway finance, we would like to emphasize that the developmental needs of the railways should not be expected to be met by finances made available from normal freight earnings. The freight policy should be so framed as to enable the railways to earn a revenue adequate firstly to meet the working expenditure, secondly to pay interest charges on the capital borrowed and thirdly to provide for adequate depreciation. As the railways represent national investment of a substantial order and as they are also free from the normal tax liabilities, there is justification for the freight policy providing for a reasonable contribution to the General Revenues. There may also be some justification for provision from revenue sources for meeting the expenditure incurred by the railways on rehabilitation. After all, the assets have to be kept in good condition and where things get obsolete, they have to be replaced. The freight policy may, therefore, be designed to cover all these requirements. But so far as development is concerned, the resources essentially will have to be found from borrowings. The development programme of the railways in the Second Five Year Plan is expected to be of the magnitude of Rs. 1,000 crores or roughly an average of Rs. 200 crores per annum. No part of this outlay should be expected to be met out of increased earnings by pushing up the freight structure.

Q: 37. It will be generally agreed that the railways should extend to village and cottage industries such assistance as may be justified with a view to ensure their proper development and functioning. At the same time, the issue of differential rates for the same commodity produced by the organised industry and the small-scale industry would present difficulties in practical application. It would also be, on larger considerations of policy, unfair to introduce any such discriminating treatment in the railway freight structure. Apart from the differential freight rates, other forms of special assistance for

village and small-scale industries may appropriately be considered.

Q: 38. Obviously this question is intended primarily for the Railway Administrations.

Q: 39. We are not quite sure whether any commodity is being carried at less than cost. The reference perhaps is to the suggestions that have often been made in the past that the present coal rates are on a concessional basis. We have no data with us which would enable us to determine the reasonableness of the suggestion. Even if, on full scrutiny, it is found that coal is being carried at a special rate, we submit that there is some social justification for the same. After all, a large sector of activity in the industrial sphere is dependent on cheap coal for its effective functioning and successful operation. Railways are required to carry various commodities at varying rates of charges and it would be a short-sighted policy to attempt to evolve a freight structure based on a self-paying basis for each item or commodity carried. It is also significant to point out that the railway rating is not based on average cost, but on the differential system of charging, i.e., the more valuable the commodity, the greater is its ability to bear a higher freight rate. If the average cost concept is to be applied to heavy and bulky raw materials required for industries, then the whole justification for the differential system of charging would disappear.

Q: 40. There appears to be inconsistency in the assessment of the future trend of traffic as contained in the suggestion in the question. *Prima facie* one can readily agree that, having regard to the impetus to industrial activity in the coming years consequent upon the development plan, there would be increased movement of low-rated traffic, like coal, iron & steel, machinery, fabricated materials, etc. The bulk of the traffic in question would naturally be resulting in increased manufacturing activity. The manufactured products are not all going to be consumed in the centre of production itself. They will move out and would be high-rated traffic for the purpose of railway revenue. There may perhaps be a small time-lag between the initial movement to new factories of raw materials and the outward movement of the finished products. But on the whole it is fallacious to assume that the trend of future traffic in the coming years would be mainly of a low-rated category.

With the increasing tempo of our development activities and the consequent addition to the purchasing power in the hands of the mass of the population, it is reasonable to expect that the demand for all types of consumer goods in the country would increase. This demand would be reflected again in larger movements over the Railways of all categories of goods. Larger movements of low-rated traffic will incidentally result in certain economies in transportation charges. In the case of most of the items of low-rated traffic, they move in wagon loads, and consequently with any increase in the overall volume carried, there will naturally be a reduction in the incidence of the overheads. Again, in the case of haulage in wagon loads in the case of low-rated traffic consigned to factory ends with siding and other facilities, the working cost to the Railways will not involve

an increase quite in proportion to the increase in the traffic volume.

In the light of the foregoing considerations, there need be no undue apprehension of any set-back in the overall Railway revenue position as a result of any change in the trend of the traffic in the coming years. Moreover, the financial position of the Railways at the moment is intrinsically sound, and apart from being able to bear the earmarked allocations under the revised Convention, the net surplus position is of an order which would enable the Railways to absorb a set-back, if any, in the period of the interval between the setting up of new factories and their coming into production and providing additional traffic in the form of finished goods.

Q: 41. While an element of flexibility in the freight charges may provide a source of relief to the trade on occasions when there is any adverse reaction as a result of fluctuation in international demand and prices, any such arrangement has its disadvantages too. While making normal commitments for trade, the prudent businessman takes into account all his overhead charges, including the freight payable on the movement of the supply required for purposes of export. If these calculations are at a subsequent stage upset by any fluctuation in the price of the commodity concerned in the overseas market, naturally the original calculations, on which the transaction was based, would be upset. Moreover, in principle it would be better to have a stable freight rate. In the recent past, there have been occasions for changing the level of export duties with a view to relating the incidence of those duties to the price structure in the overseas countries of the respective commodities. This has led to adverse reactions among the overseas buyers and on occasions the criticism from outside quarters has been very outspoken. There have been cases when they have resisted the demand for being compensated in respect of increased charges consequent upon the difference in the level of duties. It would, therefore, be desirable to work on a system of stable rates. However, when there is anything like a crisis caused by an international slump in prices, the Railway Administration may, on such occasions, consider the desirability of any *ad hoc* relief by a concessional treatment for freight purposes.

Q: 42. The Inquiry Committee will no doubt be furnished with the factual aspect of the information about the pattern of traffic by the Railway Administration. It is, however, obvious that from such figures of overall movement as are made available in published statistics, the volume of traffic carried by the Railways has increased. There has also been side by side an increase in the earnings, which goes to justify the general assumption that the increase in traffic has been all-round and quantities of both the low-rated and high-rated items have gone up. One has to take note of certain changes which are obviously taking place. In the first place, there is an all-round increase in the tempo of industrial and economic activities. This naturally will cause increased movement on account of industry. In the first stage, the movements may be more of raw materials, machinery and heavy fabricated items. But with a little

time-lag, there would be corresponding increase in movement of finished goods. Then again, in terms of the change in the emphasis in our trade policy, imports are increasingly being restricted. This would naturally be reflected in reduced movement of imported goods from port centres to the hinterland. But our exports are gradually increasing, and on the whole, traffic on account of overseas trade, while there may be a shift in the direction, will not be affected at any rate in regard to the volume and, perhaps, in regard to the overall yield in revenue.

It may in this connection be pointed out that the developments following the partition of the country have resulted in certain incidental changes in the direction and range of movement of commodities. Overseas traffic which used to pass through the port of Karachi, naturally has got diverted to a large extent to the port of Bombay. Apart from causing increased pressure on the Bombay region of the Railway system, this has also necessitated longer internal movements for serving areas in the hinterland, which previously used to be served by a shorter lead traffic from Karachi. This development would necessitate greater attention for increasing the transport facilities in the Bombay region. There are similar developments following the Goa tangle and the traffic from that port having been cordoned off. But this is an aspect, which merely calls for increasing the facilities for handling traffic in the Bombay region.

Q: 43. There are no positive indications which would justify the suggestion that the freight rates policy has in any manner influenced the location and pace of development of industry and the furtherance of trade. In any case, once industry is located in a particular area or centre, the Railways should be required to, as part of their duty, assist and stimulate the growth of the industry in that area with such special consideration from the viewpoint of movement and rates, as may be necessary. In the matter of trade, there have been complaints in the past that export commitments could not be fulfilled in time by reason of non-availability of wagons.

Q: 44. This question is obviously intended to be answered by the owners or management of particular industries with reference to the factorjes they are connected with.

Q: 45 & 46. These questions primarily apply to the agricultural sector. The information may be expected to be supplied by specialised agencies functioning in that sector.

Q: 47. Agricultural products generally under our railway freight scheme get the

benefit of a lower freight rate when moved in wagon loads. It is obvious that the smaller agriculturist in the interior will not be able by himself to provide the necessary load for the wagon-load freight facility. Some arrangement should, therefore, be available, under which the consignments of a number of persons could be clubbed so as to make available the facility of wagon-load rate. The Railway Station staff might be asked to encourage contacts for purposes of such clubbing arrangements, and if it is possible, some common agency for collecting and handling traffic offered in the first instance in smaller volumes may be set up and assisted.

The absence of warehousing facilities is another factor, which is militating against the economic movement of agricultural products from upcountry centres. The Railways themselves should, wherever possible and necessary, introduce the facility of Railway warehouses, so that the smaller consignments offered from time to time might be stored at such warehouses pending despatch in wagon loads when the traffic is adequate enough for such a load.

Q: 49 & 50. It is at this stage difficult to make any estimate of the probable increase in traffic as a result of planned development. However, as mentioned earlier, having regard to the extent and the tempo of the development, it is reasonable to assume that there would be an all-round and overall increase in the traffic of all categories of goods. The setting up of new industries will inevitably result in increased movement of machinery and raw materials and subsequently in additional movement of finished products. It is equally difficult to say at this stage as to the average lengths of future movements. The generality of such movements would be for shorter lengths and on that basis the distance for the first 'leg' in the telescopic scheme of charging will have to be considerably reduced.

Q: 51, 52 & 53. The factual aspects of the nature and extent of industrial expansion during the Second Plan period will be available only when the final Plan Frame is published. It is, however, difficult to make an assessment at this stage of the probable increase in the quantum of traffic and the trend thereof. There is overwhelming support for the point of view that there would be an all-round increase in traffic and that increase would not be confined to any particular category or categories of goods.

Q: 54 & 55. The general considerations governing the formulation of a scientific freight policy for the future have been set forth in our preliminary observations and in our replies to some of the earlier questions.

## GENERAL Parts II & III

The Committee of my Chamber would like to offer some preliminary observations on the main aspect of responsibility of Railways as carriers in respect of goods entrusted to their care and, thereafter, attempt to reply to some of the questions listed in the Questionnaire.

As for the legal responsibility of the Railways, the present position is that the responsibility of the Railways for carriage of goods or animals is that of a bailee under Section 72 of the Indian Railways Act, and as such the Railways are required to take as much care of the goods entrusted to their care as a man of ordinary prudence would take of his own goods. The relevant Section of the Indian Railways Act, having a bearing on the aspect of responsibility of the Railways for carriage of goods is as under:

"72. (1) The responsibility of a railway administration for the loss, destruction or deterioration of animals or goods delivered to the administration to be carried by railways shall, subject to the other provisions of this Act, be that of a bailee under sections 151, 152 and 161 of the Indian Contract Act, 1872.

(2) An agreement purporting to limit that responsibility shall, in so far as it purports to effect such limitation, be void, unless it—

(a) is in writing, signed by or on behalf of the person sending or delivering to the railway administration the animals or goods, and

(b) is otherwise in a form approved by the Central Government."

From experience it has been found that this provision has worked in a manner to absolve the Administration more or less of any responsibility for the loss or theft of the goods entrusted to their care, and this position is not in any way mitigated or changed by reason of the fact whether goods are consigned over the Railways on O.R. or R.R. basis. The only effective variation in the position, which would ensure whether the goods are carried at Owners' Risk or at the Railway Risk is that on occasions of loss of or damage to goods sent at R. R. the onus of proving absence of adequate care or negligence rests with the Administration. Even in cases where the Railways are not able to assign the real cause for the loss, they could exonerate themselves by showing that the real cause for the loss or damage, even if unknown, must have been external to themselves and beyond their control or although unknown and in all probability attributable to themselves the cause was of such a nature that they could not have foreseen and prevented the same. This being the legal position, traders prefer to rail their goods at owners' risk and simultaneously arrange for the insurance of the goods with private insurers, so that not only

the risk against loss of the goods is fully covered but, in event of loss, the consignors are also assured of expeditious settlement of their claims at the hands of the insurers. This statutory limitation of the Railways' responsibility has acted very adversely to the interests of merchants, who as owners of goods are confronted with the absence of any effective remedy for obtaining compensation in event of loss or damage to their goods entrusted to the Administration for purposes of carriage. Once the goods have been handed over to the Railways, it is well nigh impossible for consignors to gather any effective evidence of negligence on the part of the administration and unless this is done there would be remote chance for their being able to proceed against the Railways for the purpose of obtaining adequate compensation for the loss sustained by them in event the administration is not inclined for one reason or the other to entertain and settle their claims. The psychological effect of the difficulties involved in proving that the Railways were in fact responsible for the loss or damage to the goods may be characterised as one of helplessness and gives rise to the feeling that it is more prudent, even if it involves a little extra cost to have the transit risk of goods insured by private insurers.

My Committee, therefore, are of the emphatic view that the present position in regard to the responsibility of the Railways for loss or damage to goods entrusted to their care requires to be radically changed and that it should be legally provided that the Railways should assume all the responsibility as common carriers in respect of the goods entrusted to their care. The present position is totally unfair from the point of view of the public, particularly in respect of goods which are being compulsorily required to be consigned on R.R. basis, the freight rates for which have naturally been computed on a comparatively higher basis, and to find that in event of loss or damage of such goods they are faced with all practical difficulties in trying to establish an effective case against the Railway Administration.

That being the position, in the opinion of my Committee it is necessary that, till such time as a modification is made in regard to the overall nature of the responsibility of the Railways for carriage of goods, traders should have increasing facilities for being able to consign their goods at owners' risk rate whenever they prefer to do so. My Committee are not at all in favour of restricting the facility available in this direction; on the contrary, they feel that the scope of the facility should be extended and an increasing number of goods should be allowed to be consigned at O.R. basis. They are, therefore, unable to appreciate the implied suggestion in one of the questions of the Questionnaire that the owners' risk rates should be abolished and that only the railway risk rates should be imposed. They are of the emphatic view that, under the present



position, the owners' risk rates should be available in respect of a large number of commodities; at the same time, alternative railway risk rates should also be made available in respect of some of the commodities.

At the moment, excepting goods which are specifically required to be booked at R.R. rates, all goods would be consigned on the basis of O.R. unless when the consignor elects to send his goods at R.R. basis by making a note to that effect in the forwarding note. The suggestion, as above, that we have made in the context of the present provisions concerning the responsibility of the Railways, is that, while attempts to encourage consignment of goods on the basis of R.R. may continue in a larger number of cases, the alternative for the movement at O.R. should also be available. This submission finds justification in the fact that the relationship between the R.R. rates and the O.R. rates has not been arrived at on any rational basis. The Indian Railway Enquiry Committee, 1947, have in this connection, observed as follows:

"The problem of the relation between owners' risk and railway risk has not yet been adequately handled".

The Enquiry Committee were not satisfied with the way in which the Railways handled the problem of the relation between owners' risk and railway risk rates and had suggested that the question of what should be the difference between the owner and the railway risk for the various articles should be taken up by the Railway Rates Tribunal. No significant improvement in the position has been noticed and matters continue more or less as they were. The railway risk rates should naturally be higher than the owner's risk rates but the difference between the two should correspond to the degree of variation in the risk involved in the carriage of goods as between the two bases. The existing rates, however, do not attempt, in fixing the alternative rates for any particular commodity, to keep the difference to the minimum necessary to cover the actuarial value of the variation in risks. My Committee would, therefore, suggest that, firstly the Railway Administration should concentrate on taking all reasonable steps calculated to minimise the risks involved in the carriage of goods and thus encourage people to take more and more advantage of the facility of sending goods at R.R. basis and at the same time allow more and more goods to be consigned on the basis of O.R., so that, if the owners so choose, they could cover the entire transit risk involved by arrangements with private insurers.

As my Committee have stated earlier, the present tendency is to consign goods at owners' risk rates and simultaneously to make arrangements for covering transit risk with private insurers. This tendency is aggravated by the fact that a large number of claims are being preferred against the Railways and a great amount of inconvenience is being experienced in getting the same settled within a reasonable period of time. The attitude in a large number of cases of not admitting claims unless the Administration is made aware of the fact that the matter would be taken to the Court is also noticeable, as would be evident from the fact that during the last few years a considerable number of suits filed have been

settled out of Court. Complaints are also current that correspondence in regard to the claims lodged by merchants is not attended to expeditiously, with the result that often consignors have to institute suits against the Railways for the purpose of recovering compensation in respect of the loss suffered, to avoid the possibility of such suits being time-barred. This naturally places the merchants to avoidable costs and inconvenience.

While recognising that the growing volume of goods traffic may give rise to proportionate increase in claims, it must at the same time needs to be emphasised that the efforts of the Administration should be directed towards taking energetic measures to so improve the operational and administrative machinery as would leave little room for occasioning factors leading to loss or damage to goods in transit and therefore to the filing of claims. Such claims as may arise should be settled expeditiously and in this task the fixation of a time limit for settlement of claims and the institution of some form of non-official check on the working of the various claims offices would go a long way in inspiring confidence that they will always be dealt with fairly in the matter.

While on the question of the legal aspect of the responsibility of Railways and the statutory requirements in obtaining compensation either on the basis of settlement or by filing a suit in the Court against the Railways, my Committee would like to refer to a peculiar type of difficulty in the matter of observance of the recognised trade practice of treating Railway Receipts as title to goods. The difficulty in question has arisen because of the fact that some High Courts have held that only the consignor would be competent to file a suit against the Railways for compensation for loss or damage, if at the time of consignment of the goods in question the property in the goods remained with him. It is the normal trade practice that on occasions of loss of or damage to consignments, the party holding the documents of such title files a suit against the Railways. In terms of the decision of some of the High Courts referred to above, a consignee would, however, be precluded from making any claim against the Railways and, if found necessary, would have to rely on persuading the consignor to undertake the trouble of filing the necessary suit against the Railways. This would naturally vitiate the negotiable character of the Railway Receipts. It is, therefore, necessary that the legal position in regard to this point is carefully examined with a view to finding out ways and means, whereby the normal trade practice is continued unhampered. My Committee are specially raising this point here, as on a reference made to the Railway Ministry on the subject, we were advised that the same would be examined by your Committee and necessary action taken on the basis of the recommendation.

The other aspect of the inquiry relates to an examination of the powers and functions of the Railway Rates Tribunal, the question whether it has been able to work effectively for the purpose for which it is constituted and what, if any, changes are necessary both in respect of its powers and rules of procedure which would enable it to be generally more useful and beneficial to the users of the Railways.

My Committee would like to take this opportunity to emphasise that the role of the Railway Rates Tribunal is useful inasmuch as it provides a machinery which can handle complaints and grievances arising out of the operation of specific aspects of the freight rate structure. The machinery, therefore, should not only be allowed to continue functioning, but should be enabled to work with enlarged powers, so that the Tribunal may constitute a body to which complaints of unreasonableness etc. in respect of all the different elements and aspects constituting the freight structure may be referred for decision.

With these general observations, the Committee of my Chamber would now proceed to reply to some of the questions contained in the Questionnaire :

## PART II

Q: 1 (a) (b) & (c): It is not possible for my Committee to indicate the extent to which the alternative rates are availed of for the purpose of booking the goods. It may, however, be pointed out that the general tendency is to book the goods at owners' risk rates which are, compared to the Railway Risk rates, lower and to cover the transit risk by obtaining an insurance policy from a private insurance agency.

Q: 2 & 3. Here again, the reply to the query would necessitate full information about the various traffic movements and the mode of effecting the same. Such detailed information would, my Committee believe, be furnished by the administration. We have already observed in reply to Question No. 1 that generally goods are booked at the owners' risk rates wherever such rates are quoted, and simultaneously an insurance cover is obtained in respect of the same.

This practice, though it involves a higher initial cost has come to be in vogue, because the railway risk rates are deemed to be proportionately higher, as the overall responsibility of the railway in respect of goods in transit being limited to that of a bailee under the Indian Contract Act, the Railway risk cover excepting in the matter of onus of adducing proof, does not materially differ from the owners' risk cover.

Q: 4, 5 and 6. We have already pointed out in our preliminary observations that a large number of claims are being preferred against the railways. If we take into consideration the period from 1940-1954 the increase in the number of claims preferred works out to more than tenfold. The causes which are listed in question 5 all operate in a varying degree, giving rise to claims for compensation. Thefts and pilferage of goods, deterioration due to delay in transit, damage to consignment due to rough handling are among the more important of the factors giving cause for claims for compensation being lodged by merchants. Measures such as progressive improvement in the handling arrangements by the use of mechanical devices and equipments, improved shed facilities, better supervision of the wagons so as to avoid possibilities of damage to goods and the strengthening of the watch and ward organizations, will have to be vigorously pursued with a view to bring any appreciable improvement in this position. After all in the larger interests of the revenue of the State and the business community it is essential that this aspect of

the working of the railways is more thoroughly and scientifically gone into so that ways and means could be devised to minimise the losses, and to instil a degree of confidence in the users that all possible steps are taken to see that their goods reach their destination safely and in good time. The Railway Corruption Enquiry Committee in dealing with this aspect have particularly emphasised measures to bring about improvement in the problem of organized thefts and pilferages. The problem of claims prevention is very important, at the same time attention is also required to be focussed on the question of developing a business-like outlook on the aspect of settlement of claims, so that such claims as may arise may be attended to expeditiously, sympathetically and with due regard to inconvenience, harassment and cost to which a user would be subjected by the adoption of the tendency to disclaim any responsibility in initial stages in many cases, and to settle the same after the parties have undergone considerable cost and delay in taking the matter to the Court.

All correspondence pertaining to claims should be immediately attended to, and if any material details which are necessary but found wanting should be brought to the notice of the parties concerned so that they could furnish the same within the time-limit laid down for lodging the claims. It is also necessary to lay down some time limit for settling claims.

Q: 7. It is true that by the amendments made in Sections 74-A and 74-C by the Indian Railways (Amendment) Act, of 1949, the liability of the Railways in case of defectively packed goods, or in case of goods carried or deemed to be carried at owner's risk rates has been extended to cover negligence in addition to misconduct. While this is an improvement on the earlier position, it is a moot point whether the same has, from the practical stand point, brought about any significant benefit to the users. After all these provisions have to be read with the provisions in the law governing the general responsibility of the Railways as carriers of goods, which is that of a bailee under the Indian Contract Act. The only difference between the owner's risk rates and the Railway risk rates is one of onus of proof and as has been pointed out elsewhere in the memorandum, the goods having once left the custody of the consignor it is very difficult for the owners to gather sufficient evidence with a view either to prove or to seriously suggest negligence or misconduct in respect of the goods lost or damaged in transit. The benefit ensuing from the revised position would, therefore, not be of a significant character, and whether it is so in fact can only be proved after the law has been in force for a sufficiently long time and has had the benefit of some legal pronouncements laying down in uncertain terms the position of the Railways and the users *vis-à-vis* the provisions of Sec. 74-A and 74-C of the Indian Railways Act.

Q: 8 to 13. There is much force in the suggestion that the contract between the sender and the Railway should be of a single uniform character both from the point of view of simplicity and convenience. The plethora of alternative rates now quoted on the railways mainly help to create confusion. In order, however, to attain this position it



would be necessary for the responsibility of the Railways to be defined as would in effect make them responsible as common carriers. Unless this position is reached, the difference between the owners' risk and the Railway Risk is very narrow and in that view of the case, the acceptance of the suggestion that owners' risk rates should be withdrawn and that only railway risk rates be quoted would mean a general increase in the level of freight rates without any corresponding increase in protection to goods carried over the Railways. We are, therefore, entirely opposed to the suggestion that the owners' risk rates should be withdrawn. If at all the alternative owners' risk rates now available for some goods, should be made available in all cases, whether the goods are sent in wagon loads or smalls and the Railway Risk rates should be brought down at a level which cover approximately the actual variation of the extra risk devolving on the railways by reason of the goods being carried on the R.R. basis and not on the O.R. basis.

Q: 14. Forwarding note is an important document in determining the nature of the contract and should, therefore, be framed from this aspect and should be required to be filled in a clear and legible handwriting and all the particulars required should be correctly mentioned.

Q: 15 & 16. From the point of view of increasing the marketability of goods, devising of standard packing conditions is of significant importance. Moreover in case of dangerous goods, certain packing conditions are essential not only from the point of the responsibility of the Railways but also with a view to reducing the hazards involved in handling such dangerous commodities. Whatever packing conditions are deemed essential in respect of such dangerous goods may be prescribed. In respect of other goods, the Railways should, in consultation with the Chambers of Commerce and trade associations devise packing conditions which while taking note of the need of such aspects as safety and reduction of risk would also bear prominently in mind such points as the resultant cost, the normal trade practice and the practicability and feasibility of the packing conditions to be laid down with reference to a particular commodity.

Q: 17. Absence of storing facilities for goods prior to despatch and after delivery causes considerable inconvenience and hardship. In the case of agricultural products the absence of warehousing facilities is particularly felt. The railways, therefore, wherever possible and necessary should introduce the facility of railway warehouses so that the smaller consignments offered from time to time be stored at such warehouses pending dispatch in wagon loads when the traffic is adequate enough for such a load. Actual schemes for warehousing facilities may be drawn up in consultation with various trade associations.

Q: 18 to 20. Our approach to the problem of responsibility has in main been dealt with in our preliminary observations. It is relevant to emphasise that the consignor is interested in seeing that his goods reach the destination safely and in time and is prepared to incur the necessary initial expenses which would make it possible for him to do so. The present tendency to consign the goods on the basis of O.R. and at the same time insu-

ring the goods with private insurers is mainly due to the fact that in terms of the present provisions of the Indian Railways Act governing the responsibility of railways for carriage of goods, the railways are not insurers of goods carried by them. We have suggested a basic revision in the approach to the aspect of responsibility and stressed the desirability of revising the provisions of the law in this matter in such a manner that all the liabilities of a common carrier will come to be attached to the railways in respect of goods entrusted to their care. Apart from the aspect of safeguarding the position of a consignor in respect of loss or damage to his goods, the question of timely delivery is also of utmost importance. And, therefore, some provision should be made in law whereby the railways could be deemed liable for the delay in delivery of the goods beyond a reasonable period.

Perhaps in the initial period there would be an increase in the number of claims preferred against the railways. But with the progressive implementation of measures calculated to minimise the instances of loss or damage to goods, occasions for making a claim against the railways will obviously go down in course of time.

### PART III

Q: 1, 2 & 3. The jurisdiction and functions of the Railway Rates Tribunal are defined by Sections 41 and 42 of the Indian Railways Act, in terms whereof the Tribunal is competent to examine disputes concerning all charges levied by the Railways, except the terminal charges. We are of the view that the terminal charges also should be brought within the purview of the Tribunal.

Section 42 of the Indian Railways Act empowers the Tribunal to classify any commodity in a higher class, but the Central Government is empowered to increase or reduce the level of class rates, schedule rates and terminal and other charges. We are of the view that Government should not have the power to increase the level of class rates, schedule rates, and terminal and other charges, without going before the Tribunal. Similarly, the power to classify any commodity, which has not been classified before, should also not be exercised by Government without a reference to the Tribunal.

We are in favour of the suggestion of vesting power in a separate body to initiate investigations, we feel that the power should be placed in a body constituted on the lines of the Tariff Commission. It may be mentioned here that in our reply to Questions 31/33 of Part-I of the Questionnaire, we had pleaded for the setting up of a special machinery for the purpose of examining claims for assistance to industries newly established in the matter of freight rates. Such a machinery could with advantage be entrusted with the task of initiating investigations with regard to freight rates.

We are not agreeable to the suggestion that the Central Government should be empowered to re-classify any commodity in higher class without prior reference to and approval by the Railway Rates Tribunal. The present position is satisfactory; if it requires any amendment, same should be in the direction suggested above.

Q: 4 to 7. There is a feeling that the rules of procedure as at present are responsible for delays in the matter of disposal of references by the Railway Rates Tribunal. While we appreciate that being a quasi-judicial body all the formalities will require to be gone through, the Enquiry Committee may go into the question of possibility of revising the procedure, so as to make the same less rigidly formal and more expeditious. In this connection, we may suggest that the Tribunal, instead of sitting permanently at Madras alone as at present, may have its periodical sittings at various important business centres in the country.

It is observed that at present the Railway Administration is being allowed a long time to file its statement before the Tribunal. This could very well be curtailed, since the Railway will have in its possession all the relevant papers and documents and as such it will not take a very long time for the Railway to file its statement.

As for the costs factor, one of the directions in which reduction could be effected is by providing that, whenever an expert has got to be examined, he would not be required to be continuously present and appear before the Tribunal; instead he be made to give his opinion in writing, duly affirmed if necessary, unless of course on the facts of a particular reference his presence is absolutely necessary. So far as appearance of parties in person before the Tribunal is concerned, it may be stated that references coming up before the Tribunal are naturally of a complicated nature. Businessmen may not always be conversant with the technicalities of the procedure. It is for this reason that the normal practice of engaging lawyers to appear before the Tribunal on behalf of the parties is resorted to.

Q: 8 & 9. The Railway Rates Tribunal being a quasi-judicial body, it is quite important that its personnel should be drawn from persons having Judicial experience. In order, however, to bring about the independent character and functioning of the Tribunal, the Enquiry Committee may examine the suggestion whether it would

not be advisable to leave the appointment of the members of the Tribunal to the Law Ministry, instead of by the Railway Ministry as at present.

Q: 10. The system of associating assessors from the Railways on the one hand and the trade, industry and agriculture on the other is found to be useful, and the same should be continued. We have suggested in reply to question 4 that the Railway Rates Tribunal should sit for hearing in different important business centres in the country. It would, therefore, be necessary to create panels of assessors for different regions, so that the Tribunal may avail of the assistance of the assessors from the panel of the region where at a particular moment it is sitting.

Q: 11. We are not in favour of the suggestion that the Railway Rates Tribunal should be empowered to fix freight rates. It should continue to be in possession of powers to deal with complaints arising out of freight rates.

As regards special assistance in the case of new industries for development purposes, we have already suggested the creation of a special machinery. But that is only for the purpose of considering if any, and what, special measures of relief or concession would be necessary to particular industries or movements in the context of the developmental programmes of the country.

Q: 12. We are not in favour of the suggestion that the Railway Rates Tribunal should be replaced by an advisory body. So far as matters of dispute arising out of fixation of freight rates are concerned, it is but proper that a body of the type of the Railway Rates Tribunal should continue to have a final say. If the creation of an advisory body on the lines of the Tariff Commission is deemed necessary, same should be in addition to the Railway Rates Tribunal and, as already suggested, should be entrusted with the consideration of matters concerning special or concessional freight-rates applicable to particular industries in the context of our developmental programmes.

DELHI

Federation of Indian Chambers of Commerce & Industry,  
Delhi.

GENERAL

The structure of freight rates has two aspects: the revenue aspect and the development aspect. These two aspects, however, are not contrary and incompatible. In fact, at the present stage of economic development, especially in the context of the large programme of development envisaged in the Second Five Year Plan, the development aspect of the railways covers and safeguards the revenue aspect as well. One

special feature of the railway freight structure arises from the monopoly position of the railways. The railways enjoy a monopoly but essentially they are a public utility service. Like all other monopolies, they can maximise their revenue either by restricting the supply of service and charging high rates or by carrying a larger volume of traffic at low rates. As a public utility service, the policy of railways should be directed

towards earning while assisting the economic development of the country. Thus the structure of freight rates must combine in itself the commercial and developmental aspects. And both point to the need of evolving freight rates which, like any other schedule of prices, should be related to the quality of service provided.

The Committee of the Federation would point out here that the quality of the service provided by the railways has not improved in the post-war years and in fact there is evidence of deterioration. The service the users get from the Railways is far from commensurate with the series of increases in freight rates they have been obliged to bear. This is especially so in the case of transport of raw materials which move over relatively short distances and hence have to bear a disproportionately high incidence of fixed charges such as terminals and short distance charges.

The deterioration in service arises partly out of failure of transport capacity to increase at the same pace as the increase in the demand for movement. The users have to wait a long time before they can obtain the required number of wagons. The special types of wagons such as tank wagons for the movement of certain chemicals and covered wagons for the movement of costly equipment are not being provided in accordance with the demand. Although the time allowed to the users for loading and unloading has been reduced from 24 hours to 6 hours, this has not resulted in a quicker turn-round of wagons. The delays in movement continue. Further, the handling of goods at stations leaves much to be desired. To quote from the observations of a senior railway official made before the Railway Corruption Enquiry Committee, "The rough and careless manner in which even fragile goods are handled at stations must be seen to be believed. It is a common occurrence for heavy packages to be dropped from wagons to platforms". There has also been an increase in the incidence of thefts and pilferage. The difficulties and the delays in the settlement of compensation claims have not been removed. Thus, with the reduction in the facilities available to the consignors, the effective burden of the freight rate has increased much more than is indicated by the actual increases in the rates.

The revision in the freight rates should, therefore, take into account the quality of service provided by the railways and promote the growth of industry and commerce. The Committee of the Federation are concerned to find that these basic considerations have not been clearly and unequivocally recognised in the terms of reference of the Railway Freight Structure Enquiry Committee as framed by Government.

The first term of reference to which Part I of the Questionnaire pertains is:

"To review the present railway freight rate structure in all its aspects and to suggest what modifications should be made, bearing in mind the needs of a development economy and the necessity for maintaining the financial stability of the Railways."

The Committee of the Federation cannot over-emphasise the point that any revision of the railway freight rate structure should

be directed to meet more the needs of a 'development economy' than the 'necessity for maintaining the financial stability of the railways'. While it is accepted that the railways should be run as a commercial concern and should be in a position to recover their expenses out of their own earnings, it would be taking a very limited view of the development of transport if the same was achieved at the cost of the development of other industries. The misgivings regarding the object of Government in appointing the Railway Freight Structure Enquiry Committee are also based on certain references to the railway finances in the Government of India Resolution appointing the Committee. The Resolution states as a reason, among others, for appointing the Committee, "The development of railways facilities will also be considerable and in consequence the working expenses of the railways and the dividend payable to General Revenues will appreciably increase." The implication of this statement as well as the wording of the first term of reference would seem to be that the revision of the freight structure in an upward direction would not only be not undesirable but perhaps would be even necessary.

The Committee of the Federation have to stress that this is only one side of the picture. The working expenses of the railways need not appreciably go up in consequence of the development of railway facilities. The provision of facilities is largely a matter of efficient utilisation of the present resources. Actually the total revenues at existing freight rates or even at reduced rates would also increase because of the increase in the volume of traffic. And the whole question of financial stability of the railways is related to the overall developments in the industrial and other sectors of the economy which have been proposed in the Second Five-Year Plan. The Railways themselves have estimated that the goods traffic generated as a result of the growth of industries will be around 160 million tons, i.e. an increase of 60 million tons, more than 60% over the present traffic which is around 98 million tons per annum. A point which the Committee feel has not been sufficiently recognized is that while in order to carry this increased traffic the transport capacity will have to be increased, there would also be a greater utilisation of the existing capacity, thus spreading the overhead costs over a larger volume of traffic.

The main function of the Railways is to move the goods from the centres of production to centres of consumption and raw materials from their source to the factories. The users of Railways are primarily interested in getting these facilities. And the Railways, as a national enterprise, must also concentrate on providing these facilities. A revised and more rationalised freight structure will lose significance if the capacity of the Railways and the facilities provided fall short of the requirements of traffic. The major problem, therefore, is to increase the supply of wagons, line capacity, remove bottlenecks at break of gauge points, and in general, to do all the things which are necessary to ensure a quick and efficient transport system.

The post-war programme of rehabilitation of the Railways has not sufficed to meet the continuous growth in the volume of traffic.

It is true that the Railways are now carrying some 98 million tons of goods as compared to 84 million tons (for the undivided India) in 1938—39. This has, however, been made possible partly by the greater utilisation of the existing transport capacity and partly by the reduction in the facilities provided to the users of Railways. The total route mileage of Class I Railways was about 37,000 in 1938—39 for the undivided India. Allowing for about 16% for the territories now included in Pakistan, the route mileage then was

nearly 31,000. This has increased by 1953—54 to over 34,000 an increase of about 10% and this includes nearly 900 miles of lines owned by the former Bikaner State Railway which is now incorporated in the class I Government Railways. In respect of rolling stock the following table gives the position in recent years as compared to 1938—39. Figures for the year 1938—39 which are given in the Railway Board statistics for undivided India have been adjusted to make them comparable:—

*The Total Number of Locomotives, wagons and passenger coaches on line (excluding narrow gauge) for Class I Railways.*

Year	Locomotives	Wagons	Passenger Coaches
1938-39	6315	1,65,957	12,994
1950-51	7867	1,98,305	12,815
1951-52	7878	1,98,943	13,150
1952-53	7919	2,06,579	13,502
1953-54	7959	2,15,137	13,804

Although these figures show an increase in the total rolling stock, they conceal the fact that a considerable proportion of the existing stock is over-age because of the accumulated arrears of replacement during and after the war. The programme of the Railways under the First Five-Year Plan mainly aimed at the replacement and rehabilitation of this over-age stock. The total allocation for transport and communications under the First Five-Year Plan was Rs. 497 crores, i.e.,

less than 25% of the total Plan. The Railways' expenditure was expected to be Rs. 400 crores and the latest estimate of the progress of expenditure is that they will have spent about Rs. 418 crores in the five years. But the rolling stock position at the end of the First Five-Year Plan will leave arrears of replacement in the case of locomotives and passenger coaches. The following table summarises the progress of rehabilitation of rolling stock:—

	Locomotives	Passenger Coaches	Wagons
1. Number on line as on March 31, 1951.	8,209	19,193	1,99,094
2. Rehabilitation required during Plan periods. *	2,875	7,997	53,462
3. Provision made during the First Five-Year Plan (orders placed and deliveries expected by 1956).	2,062	5,786	60,428
4. Arrears of rehabilitation expected at the end of the First Five-Year Plan.	813	2,211	—

The increased volume of traffic carried by the Railways now as compared to pre-war is, therefore, not a result of any substantial increase in transport capacity but can primarily be ascribed to the greater utilisation of available capacity made possible by the reduction in facilities to the users. For instance, the net ton miles per wagon day on Class I Railways (B.G.) shows an improvement of about 25% as compared to 1938—39. This, however, is not a result of increased efficiency of the Railway administration but reflects the fact that the users are made to load the wagons more fully than before, thus increasing the effective burden of the cost of transport. Similarly whatever improvement there has been in the recent years in wagon miles per wagon day is not due to the increased speed of goods trains but has resulted from the reduction in the hours of loading and unloading to the users. The point is that neither the transport capacity nor the operating efficiency has increased in post-war years.

On the other hand industrial production increased by about 45% during the period 1950—51 to 1954—55. Similarly, there was a considerable increase—nearly 20%—in the

agricultural production. Thus the demand for traffic has been continuously in excess of the available transport capacity. It is this which should engage the attention of the Railways, for unless goods are moved, the implementation of the Second Five-Year Plan would be in serious jeopardy. As already stated the volume of traffic is expected to increase by over 60% during the next five years. If the railways move all the traffic that is offered, they would be in a position to maintain their financial stability and at the same time reduce the burden of transport costs to be borne by the users. There is, therefore, no need for undue anxiety about the financial resources of the Railways.

In the context of what has been stated above the appropriate freight rate policy which the Railways should follow should be to offer developmental rates. When the revision of the present classification is undertaken, enough arrangements should be made for the various zonal authorities to quote special rates in a large number of cases where such rates would provide incentive to development of industries and of our trade. The Railway rates policy

\* Figures arrived at after deducting from the over-age stock, a certain proportion which is retained in service.

should also aim at encouraging our exports. The Committee of the Federation are convinced that the railway rates policy can be used as one of the numerous devices to create conditions in which the industrial development of the country can progress at a quick pace. It will be unfortunate if Railway rates are looked upon primarily from the point of view of Railway finance. The Committee consider that it is time there was a complete reorientation in the basic approach to Railway rates policy.

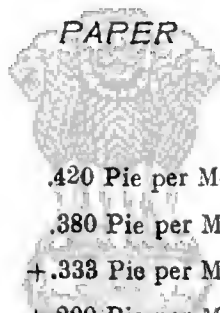
#### PART I-A.

Q: 1. (a) The revised general classification adopted in 1948 reduced the number of classes from 16 to 15 and re-classified commodities in such a way that in most cases the classification was upgraded by one class. Further, the class rates themselves were raised. While introducing the new classification opportunity was also taken to abolish most of the old scheduled and station-to-station rates. The carrying capacity of the wagons was also increased and full wagon-load rates available in large number of cases were abolished. Thus, the overall effect of these revisions was to

increase the freight rates in general. Though the avowed purpose of the revision in the classification was to "rationalise" the rate structure, the general effect on trade and industry was in the direction of increasing the costs of movement.

The following few examples show the increases in rates consequent upon the abolition of special rates and otherwise. The examples are taken mostly from the increases in rates over the Eastern and North-Eastern Railways and are illustrative of similar increases on the other Railways. A point worth noting is that most chemicals under the revised classification are placed in classes 12 to 15 and bear very high freight rates. In the past when the movement of chemicals was relatively small and chemicals did not come to acquire significance as important raw materials, there might have been some justification in charging high rates. But, in the present context and in the context of future industrial development there is no justification for charging high rates for chemicals when it is a recognised principle that all industrial raw materials should be given relatively low rates:

#### ILLUSTRATIVE EXAMPLES OF INCREASES IN FREIGHT RATES



Pre - 1948  
Basic

- (a) Class 2: .420 Pie per Md. Per Mile (Max.)  
(b) Schedule C/J. .380 Pie per Md, Per Mile for 1st 150 Miles.  
+.333 Pie per Md. per Mile for next 100 Miles.  
+.200 Pie per Md. per Mile for next 250 Miles.  
+.130 Pie per Md. per Mile for next 200 Miles.  
+.100 Pie per Md. per Mile for distances beyond...

From 1-10-1948	Class 3 :--	.58 Pie per Md. per Mile for 1st 300 Miles +.54 Pie per Md. per Mile for next 300 Miles +.49 Pie per Md. per Mile for distances beyond.....
From 1-4-1955	Class 3 :—	.64 Pie per Md. per Mile for 1st 300 Miles. +.54 Pie per Md. per Mile for next 300 Miles. +.42 Pie per Md. per Mile for distances beyond.....

Destination	Before 1-10-48 (Special Rates)	From 1-10-48	From 1-4-55	% Increase (3) over (2)	% Increase (4) over (3)	% Increase over pre 1-10-48
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Rs.a.p.	Rs. a. p.	Rs. a. p.			
Dehri-on-Sone to						
Kanpur	0-8-0	0-15- 3	1- 0-7	90.63	8.74	107.29
Delhi	0-9-0	1-11- 6	1-13-0	205.56	5.45	222.22
Howrah	0-7-1	1- 1- 9	1- 3-3	150.59	8.45	171.76
Bombay	1-0-4	2-13-11	2-13-1	181.12	—1.81	176.02
Madras	1-1-9	3- 8- 8	3- 6-3	219.25	—4.26	205.63
Chandisthan	0-5-4	0- 9- 3	0-10-1	73.44	9.00	89.06



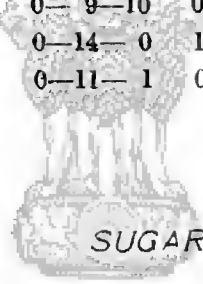
## CEMENT

Pre - 1948

Basic

	(a) Class 2:	.420 Pie per Md. per Mile (Max.)
	(b) Class C/M:	.380 Pie per Md. per Mile for 1st 75 Miles. +.200 Pie per Md. per Mile for next 225 Miles. +.100 Pie per Md. per Mile for distances beyond.....
From 1-10-48	WI/E	.43 Pie per Md. per Mile for 1st 150 Miles. +.32 Pie per Md. per Mile for next 150 Miles. +.17 Pie per Md. per Mile for distances beyond.....
From 1-4-55	WL/E	.43 Pie per Md. per Mile for 1st 300 Miles. +.21 Pie per Md. per Mile for next 300 Miles. +.15 Pie per Md. per Mile for distances beyond.....

Destination	Before 1-10-48	From 1-10-48	From 1-4-55	% Increase (3) over (2)	% Increase (4) over (3)	% Increase latest over pre-1-10-48.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Rs. A. P.	Rs. A. P.	Rs. A. P.			
Dehri-on-Sone to						
Bareilly	0—6—9	0—12—1	0—13—10	79.01	14.48	104.94
Kanpur	0—5—0	0—10—1	0—11—4	101.67	12.40	126.67
Agra Cant.	0—7—2	0—12—6	0—14—5	74.42	15.33	101.16
Lucknow	0—4—9	0—9—10	0—11—8	107.02	18.64	145.61
Delhi	0—7—2	0—14—0	1—0—4	95.35	16.67	127.91
Howrah	0—5—10	0—11—1	0—12—7	90.00	13.53	115.71

Pre - 1948  
(Basic)

	Class 2:	.42 Pie per Md. per Mile (Max.)
From 1-10-48	Class 3:	.58 Pie per Md. per Mile for 1st 300 Miles. +.54 Pie per Md. per Mile for next 300 Miles. +.49 Pie per Md. per Mile for distances beyond.....
From 1-4-55	Class 3:	.64 Pie per Md. per Mile for 1st 300 Miles. +.54 Pie per Md. per Mile for next 300 Miles. +.42 Pie per Md. per Mile for distances beyond.....

Destination	Before 1-10-48 (Special Rates)	From 1-10-48	From 1-4-55	% Increase (3) over (2)	% Increase (4) over (3)	% Increase latest over pre-1-10-48.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Rs. A. P.	Rs. A. P.	Rs. A. P.			
Dehri-on-Sone to						
Arrah	0—5—7	0—8—2	0—8—11	46.27	9.18	59.70
Patna	0—4—6	0—6—8	0—7—3	48.15	8.75	61.11
Banaras	0—3—8	0—5—11	0—6—5	61.36	8.45	75.00
Kanpur	0—10—9	0—15—3	1—0—8	41.86	9.29	55.04
Howrah	0—12—9	1—1—9	1—3—3	39.22	8.45	50.98
Tatanagar	0—10—7	0—15—1	1—0—6	42.52	9.39	55.91



## SUGAR CANE—(Eastern Railway)

Distances	Before 1948		From 1-10-48		Latest		Percentage Increases		
	Per Wagon	Per Md.	Per Wagon	Per Md.	Per Wagon	Per Md.	(4)	(6)	(6)
	560 Mds.	Pies.	560 Mds.	Pies.	560 Mds.	Pies.	over	over	over
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Rs. A. P.		Rs. A. P.		Rs. A. P.				
20	11—4—0	3·86	37—0—0	16·91	56—0—0	19·20	238·08	51·35	397·78
25	12—6—0	4·24	37—0—0	16·91	62—0—0	21·26	198·82	67·57	401·01
30	12—6—0	4·24	37—0—0	16·91	68—0—0	23·32	198·82	83·78	449·50
35	12—6—0	4·24	37—0—0	16·91	70—0—0	24·00	198·82	89·19	465·66
40	13—8—0	4·63	37—0—0	16·91	76—0—0	26·06	165·23	105·40	462·96
45	13—8—0	4·63	37—0—0	16·91	79—0—0	27·08	165·23	113·51	485·18
50	13—8—0	4·63	37—0—0	16·91	85—0—0	29·14	165·23	129·73	529·63

## BLEACHING POWDER

Pre - 1948

(Basic)

From 1—10—1948

Class 2 :	.420 Pie per Md. per Mile (Max.)
Class 3 :	.58 Pie per Md. per Mile for 1st 300 Miles.
	+ .54 Pie per Md. per Mile for next 300 Miles.
	+ .49 Pie per Md. per Mile for distances beyond.
From 1—4—1955	Class 3 :
	.64 Pie per Md. per Mile for 1st 300 Miles.
	+ .54 Pie per Md. per Mile for next 300 Miles.
	+ .42 Pie per Md. per Mile for distances beyond.

Destination	Before 1-10-48	From 1-10-48	From 1-4-55	% Increase (3) over (2)	% Increase (4) over (3)	% Increase latest over pre- 1-10-48
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Rs. A. P.	Rs. A. P.	Rs. A. P.			
Dehri-on-Sone to Bhagalpur	0—7—6	0—10—10	0—11—9	44·44	8·46	56·67
Asansol	0—8—1	0—11—8	0—12—9	44·33	9·29	57·73
Howrah	0—12—9	1—1—9	1—3—3	39·22	8·45	50·98
Tatanagar	0—10—7	0—15—1	1—0—6	42·52	9·39	55·91
Kanpur	0—10—9	0—15—3	1—0—8	41·86	9·29	55·04
Banaras Cant.	0—3—8	0—5—11	0—6—5	61·36	8·45	75·00

## FERRIC ALUM

Pre - 1948:—

Basic

From 1—10—'48

Class 2 :	.42 Pie per Md. per Mile (Max.)
Class 4 :	.68 Pie per Md. per Mile for 1st 300 Miles.
	+ .58 Pie per Md. per Mile for next 300 Miles.
	+ .54 Pie per Md. per Mile for distances beyond.
From 1—4—'55	Class 4 :
	.69 Pie per Md. per Mile for 1st 300 Miles.
	+ .58 Pie per Md. per Mile for next 300 Miles.
	+ .48 Pie per Md. per Mile for distances beyond,

Destination	Before 1-10-48 (Special Rates)	From 1-10-48	From 1-4-55	% Increase (3) over (2)	% Increase (4) over (3)	% Increase latest over pre- 1-10-48
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Rs. A. P.	Rs. A. P.	Rs. A. P.			
Dehri-on-Sone to						
Raniganj (Bengal paper siding)	0 8 7	0 13 4	0 14 5	55.34	8.13	67.96
Ib. (Orient Paper siding)	0 15 10	1 7 7	1 9 1	48.95	6.36	58.42
Tatanagar	0 10 7	1 0 3	1 1 8	53.54	8.72	66.93
Kanpur	0 10 9	1 0 5	1 1 11	52.71	9.14	66.67

## SULPHURIC ACID

Pre - 1948 (Basic)	Class 6 :	0.83 Pie per Md. per Mile (Max.)
From 1-10-'48	Class 12 :	1.11 Pies per Md. per Mile for 1st 300 Miles. +1.04 Pies per Md. per Mile for next 300 Miles. + .97 Pie per Md. per Mile for distances beyond.
From 1-4-'55	Class 12 :	1.22 Pies per Md. per Mile for 1st 300 Miles. +1.04 Pies per Md. per Mile for next 300 Miles. + .82 Pie per Md. per Mile for distances beyond.

Destination	Before 1-10-48 (Special Rates)	From 1-10-48	From 1-4-55	% Increase (3) over (2)	% Increase (4) over (3)	% Increase latest over pre- 1-10-48
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Rs. A. P.	Rs. A. P.	Rs. A. P.			
Dehri-on-Sone to						
Raniganj (Bengal Paper Siding)	1 0 5	1 6 0	1 8 1	34.01	9.47	46.70
Ib. (Orient Paper Siding)	1 14 7	2 8 4	2 11 1	31.88	6.82	40.87
Bhadhohi	0 8 5	0 11 5	0 12 5	35.64	8.76	47.52
Banaras Cant.	0 6 7	0 9 9	0 10 7	48.10	8.55	60.76
Kanpur	1 4 6	1 11 7	1 14 3	34.55	9.67	47.56

## HYDROCHLORIC ACID

Pre - 1948 (Basic)	Class 9 :	1.25 Pies per Md. per Mile (Max.)
From 1-10-48	Class 15 :	2.11 Pies per Md. per Mile for 1st 300 Miles. +1.41 Pies per Md. per Mile for next 300 Miles. +1.18 Pies per Md. per Mile for distances beyond.
From 1-4-55	Class 15 :	2.32 Pies per Md. per Mile for 1st 300 Miles. +1.41 Pies per Md. per Mile for next 300 Miles. +1.00 Pie per Md. per Mile for distances beyond.

Destination	Before 1—10—48 (Special Rates)	From 1—10—48	From 1—4—55	% Increase (3) over (2)	% Increase (4) over (3)	% Increase latest over pre- 1—10—48
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Rs. A. P.	Rs. A. P.	Rs. A. P.			
Dehri-on-Sone to						
Tatanagar	1 14 3	3 3 0	3 7 11	68.60	9.64	84.85
Raniganj (Bengal Paper Siding)	1 8 5	2 8 11	2 12 11	67.58	9.78	83.96
Ib. (Orient Paper Siding)	2 13 9	4 5 5	4 10 8	51.73	7.56	63.21

## RAW COTTON

Rates in pies per maund.

From	To	1947	1948	1950	Current	Percentage of 194
PALEJ	Bombay	153	175	202	219	143%
	Ahmedabad	72	82	93	100	139%
	Ujjain	170	196	226	226	133%
	Kanpur	438	484	563	534	122%
	Coimbatore	812	788	921	919	113%
SURAT	Bombay	120	137	157	170	141%
	Ahmedabad	105	119	137	137	130%
	Ujjain	203	233	270	270	133%
	Kanpur	471	540	601	601	127%
	Coimbatore	780	756	883	902	115%

In the case of exportable varieties of cotton also the pattern of revision in freight rate is the same, viz., increase in rates except in the case of long distance traffic :—

Rates in pies per maund.

From	To	1947	1948	Current	Percentage of 1948.
AKOLA	Bombay	Not available	275	342	124%
		-do-	807	786	97%
DHURI	Bombay	-do-	807	786	97%

It may be pointed out that the nominal reduction in rates-as from Dhuri to Bombay-is available only for very long hauls, over 600 miles, while the bulk of the traffic is carried over shorter distances, so that in effect there is a net increase in charges on movement by rail.

## TOBACCO

Prior to October 1946 the freight charged on a maund of unmanufactured country tobacco amounted to Rs. 1-10-6 plus 12½% on the total freight ex. Guntur to Agarpara. The prevailing rate for the same is Rs. 3-11-0 without increased charges. So also is the case of cigarettes prior to October 1947. Railways were charging Rs. 2-9-4 per maund plus increased charge of 12½% on the total freight ex. Howrah to Delhi while the current rate is Rs. 4-15-8 per maund without any increased charge. In all these cases the increase, as a result of revision, in freights has been more than 200%.

## JUTE

Jute is one of the important raw materials. Apart from the local purchases the factories in Bengal are purchasing heavily jute from North Bihar and Assam. At present jute and gunnies pressed have been grouped

under class 7. There is no wagon-load scale prescribed for the movement of these two items. The average cost per ton per mile for the movement of jute by the Railways works out to nearly 9 pies. The present classification of jute under class 7 is on the high side.

Previously the bulk of raw jute traffic flowed from E. Pakistan for which there was a special station-to-station rate. With greater off-take or procurement of domestic jute, the cost of procurement of this raw material has also risen. Further, in many cases the Railways have also withdrawn the facilities given to the manufacturers in the form of special station-to-station rates. To cite an example, the B. N. Railway has withdrawn the special rates for jute from Dhulianganges, Shalimar, Ramkristopur and Sahibgunj to Raigarh from 1st June 1950. The following table shows the revised rates as well as the old rates previously prior to 1-6-1950.

	Jute per Maund current rates	Revised rates per maund
	Rs. A. P.	Rs. A. P.
Dhulianganges to Raigarh	0-15-0	1-13-4
Shalimar        "       "	0-12-0	1-8-8
Ramkristopur   "       "	0-13-2	1-9-3
Sahibgunj       "       "	0-15-11	1-14-5

Further Indian jute has to compete with Pakistan jute. The freight charges in Pakistan are much lower than in India. Most of Pakistan's jute is being moved by river and the river freight is lower than the rail freight in India.

As a result of the withdrawal of the special rates, the factories have to pay 100% more for their procurement of jute by way of freight alone.

## TIMBER

With regard to timber, the freight previously was in the neighbourhood of Re. -/5/- or Re. -/6/- per maund and at present it varies from Rs. 1-3-0 to 1-10-0 per maund. It will be seen that the freight is three times what it was before. The exorbitant freight rate actually paralysed the timber industry in Assam. With the closure of booking through Pakistan all the traffic from Assam and North Bengal have got to be diverted via Assam Link which are transhipped at Monihari, Mokameh and Bhagalpur to E. I. Railway. It is, therefore, necessary that the E. I. Railway and Assam Railway should revise their freights which will be accept-

able to the trade as the imports from Burma, Singapore, etc., have been stopped, and as Calcutta has to rely mainly on Assam and North Bengal, which are served by the above Railways.

Further, timber is used in the manufacture of mechanical pulp which in turn is used in the manufacture of newsprints. It is hardly necessary for the Committee to state that the price of newsprint should be kept low and this could not be done if the prices of the raw materials like pulp are kept high.

From the above it will be apparent that the cost of movement was increased substantially as a result of the revision in the general classification of goods.

(b) The following table compares the class rates prevailing before 1948 and those adopted in 1948. Subsequently in April 1955 the rates for the first 300 miles under each class were revised in an upward direction and the rates for distances beyond 600 miles were slightly reduced. Column 5 of the table gives the rates for the first 300 miles as revised in April 1955:

<i>Pre-1948 Rates</i>		<i>Post 1948 Rates</i> (from 1-10-1948)		<i>Revised Rates</i> (from 1-4-1955)	
Class	Pies per Md. per mile. (flat rates)	Class	Pies per Md. per mile (for the first 300 miles)		Pies per Md. per mile (for the first 300 miles.)
1	0.38	1	0.49		.54
2	0.42	2	0.54		.59
2A	0.46	3	0.58		.64
2B	0.50	4	0.63		.69
2C	0.54	5	0.68		.75
3	0.58	6	0.73		.80
4	0.62	7	0.78		.86
4A	0.67	8	0.84		.92
4B	0.72	9	0.90		.99
5	0.77	10	0.97		1.07
6	0.83	11	1.04		1.14
6A	0.89	12	1.11		1.22
7	0.96	13	1.18		1.30
	1.04	14	1.41		1.55
10	1.25	15	2.11		2.32
	1.87				

It will be noticed that both in October 1948 and in April 1955, the rates on short distances, i.e. distances below 300 miles, were increased.

The principle of telescopic rates adopted in 1948 is to be viewed in relation to the average distance the commodities move. In the case of some commodities like coal and foodgrains where movement over long distances is common, the new basis of freights might have been helpful to the industry or trade concerned. But, in our country the movement of raw materials and also of finished products is confined to relatively short distances. The average lead, for instance, has remained below 50 miles or more to the first 'leg' of the new telescopic structure which is 300 miles. It follows, therefore, that there was a double increase in freight rates in 1948. Firstly, as pointed out before, the commodities were upgraded by one class. Secondly, to the extent that most commodities moved over short distances, the effect of the application of the principle of telescopic rates was merely to increase more their cost of movement.

(c) The revised freight structure affected the short haul and medium haul traffic by increasing the cost of short distance movement. It is true that goods continued to be moved in spite of the increase in freight rates. But, this was because of absence of alternative means of transport and the necessity for industrial firms for continuing production even at increased costs. The criterion for judging whether the freight rate on a particular class of traffic is high or low should not be whether there is sufficient movement of goods at a particular rate. As the Railway Rates Tribunal has stated "if traffic of a commodity is moving freely under a particular rate or classification it does not follow that the rate or classification is reasonable".

Q: 2 (a) and (b). Under Section 42 of the Indian Railways Act, the Central Government as well as the Railway Rates Tribunal has the power to reclassify any commodity in a lower class. The Tribunal alone has the power to reclassify a commodity in a higher class provided the Central Government applies for such reclassification. Further the Railways can quote special station-to-station rates for particular commodities with a view to encouraging the development of new industries as well as expansion and stabilisation of those already established. It seems, however, that the Railway administrations are not prepared to utilise the discretion to the maximum extent, presumably on revenue considerations.

The tendency has been to cancel the existing station-to-station rates rather than quoting new special rates. The kind of flexibility which is needed for the legitimate needs of industries is absent in the present rating arrangements. It may be argued that an industry has the option of applying to the Railway Rates Tribunal for the quotation of special station-to-station rates. It is, however, an involved and costly procedure. Moreover, a judicious examination of the decisions of that Tribunal shows that there have been very few cases when such applications have been treated favourably. The considerations which in the opinion of the Tribunal should govern the quotation of special rates are the volume of traffic offered and a clear necessity for the industry to enjoy special rates without which its development would be impaired. In many cases both these conditions are difficult to fulfil.

Thus, while under the present arrangements scope exists for the various Railway administrations to take initiative and exercise their discretion with a view to meeting the

legitimate needs of industries, opportunity is not taken of the existing powers to assist industry.

Q: 3 (i) The number of 15 classes which cover some 3500 commodities would be adequate only if the various commodities are classified for movement on a develop-

ment basis. While each commodity has been provided with a class rate, only 80 articles have been given wagon-load scales and most of these articles fall within the first three classes. The following table shows the articles under each class (entered in the general classification of goods) for which wagon-load scales are available:

### COMMODITIES TO WHICH WAGON-LOAD SCALES APPLY.

General Classification	No. of	Names of Commodities.
Class.	Commodities.	
(1)	(2)	(3)
1	45	Ashes; ballast; bangle stone; bentonite; bones; bones sinews; bran (includes pollard); bricks common; chalk; charcoal fuel; chrome ore; clay; clay china; earths NOC; cyanite or kynite; fire clay; fire wood; ghooting; grain & pulses; gypsum; husks of grain, pulses, common seeds, oil seeds; iron or steel dust; iron or steel scrap; iron pig; lime and limestone; magnesite crude, calcined; manganese ore; manure; oil cake; ores common NOC; raw materials for the manufacture of paper or straw board; refractory bricks; sago common waste; saltpetre crude; sand; sand stone; seeds common; sillimanite (silica of alumina); slag; soap stone; spent bleaching clay of earth; stone NOC.; tanstuff NOC; tiles common (roofing); tiles flooring earth.
2	10	Bamboo chips NOC.; bamboo crushed NOC; bone dust; bone meal; grass dry NOC.; grass green; hide fleshings, scrapings & trimmings; leather refuse (unserviceable); salt N O C (includes hide salt); timber N O C.
3	9	Arvi; cement; chemical manures Div. B; flour; fruits fresh NOC; jaggery; molasses; onion; vegetables NOC (includes cowpea green).
4	13	Oil seeds NOC; pitch; potatoes; potatoes sweet; road surface dressing of creosote, pitch or tar oil (includes bitumen); silicate of soda; soda crystals or soda ash; sulphate of soda; tar; water (includes distilled water).
5	1	Chemical manures Div. A.
6	2	Bamboos; sulphur.
Total: 80		



In addition there are 17 commodities only for which a lower class rate is applied for wagon loads. These are:

Asbestos cement products; books; chillies; coconut, coconut kernels; earthenware, NOC; hides, skins or pelts common dry; hides, skins or pelts common wet; iron or steel Div. 'A'; iron or steel Div. 'B'; iron or steel Div. 'C'; mica waste (includes mica powder); pipes cement; pipes earthenware; pipes, NOC; reinforced concrete; stoneware, NOC.; and sugar.

Articles for which neither a wagon-load nor a lower class rate is available include quite a few items which would normally move in wagon-loads. For example, unpressed jute and manufactured jute, N. O. C. (which include blankets, jute yarn etc.) have not been given lower rates for

wagon-loads. In fact wagon-load scales or lower class rates can usefully be applied to most of the items with very few exceptions. In the American Railways' general classification of goods there are some 10,000 commodities and each and every commodity has been given a wagon-load rate with a minimum weight for charge. It should be in the interests of Indian Railways themselves to encourage more economic and speedy movement in wagon-loads and for this purpose the obvious incentive for the traders to move their goods in larger loads is to provide lower rates for such movement.

As regards the relation of different class rates to each other, the following table will show that the rate of progression in the rates for the first 'leg' (which is the rate most common in application) varies from class to class and there is an alternation of higher and lower rate of increase between the classes:—

Class	Number of commodities in each class	Minimum rate in pies per maund per mile for first 300 miles.	Percentage increase over previous class	Class	Percentage reduction from the higher to the lower class
1	2	3	4	5	6
1st	168	.54	—	15th	—
2nd	190	.59	9.3	14th	33.2
3rd	303	.64	8.4	13th	16.1
4th	275	.69	7.8	12th	6.2
5th	258	.75	8.7	11th	6.6
6th	59	.80	6.6	10th	6.1
7th	116	.86	7.5	9th	7.5
8th	471	.92	7.0	8th	7.1
9th	230	.99	7.6	7th	6.5
10th	145	1.07	8.1	6th	6.9
11th	80	1.14	6.5	5th	6.3
12th	366	1.22	7.0	4th	8.0
13th	127	1.30	6.6	3rd	7.3
14th	238	1.55	19.2	2nd	7.8
15th	394	2.32	49.7	1st	8.5

It will be noticed that there is a steep increase in the rates after the 13th class, which is unreasonable. There seems to be no relation between the rates of increase in the class rates and those in transportation costs.

An example of the kind of anomaly which would arise with varying rates of progression is given by the lowering of the classification for motor vehicles effected in May 1955. Motor vehicles, N. O. C., were classified at 14 R. R. and 12 O. R. When the change in the classification was made they were charged at 13 O. R. and 15 R. R. The percentage increase of the 15th class rate over 13 i. e., 1.80 pies per maund per mile works out at nearly 80%. Thus the railway risk rate was put to some 80% above the

owners' risk rate. This had very little to do with the actual risk involved in carrying the goods. The enormous difference between the railway risk rate and owners' risk rate was inevitable in view of the existing rates of progression after the 13th class.

It would appear that the rates of progression in the rates for the other two 'legs' of the telescopic class rates and in the wagon-load scales also vary disproportionately from class to class. Thus, it is necessary to review these various rates with a view to making the rates of progression more uniform than at present.

(ii) (a) The number of 'legs' and the distance range in each 'leg' in the class rates as well as the wagon-load scales

should be related to the distance which a commodity is normally expected to travel. Under the present arrangements the first 'leg' in the class rates covers a distance of 300 miles with the result that most commodities are charged at the highest rate chargeable under that class. The average distance travelled by all goods including coal varies from about 210 to 230 miles. It is obvious, therefore, that the advantage of tapering rates under the principle of telescopic rates is nullified to a large extent. The same observations apply to the 'legs' of the wagon-load scales.

It is suggested that in the revised classification the distance under the first 'leg' should be reduced from 300 miles to something like 120 miles, and tapering rates gradually declining with distance should be available for the next 60 miles and so on. This will ensure that the advantage of telescopic class rates would be available to most commodities which move short distances.

(ii) (b) The following table shows the percentage variations in the rate per mile from one 'leg' to another:

Class	Percentage variation from 1st to 2nd 'leg'	Percentage variation from 2nd to 3rd 'leg'
(1)	(2)	(3)
1st	16.7	24.4
2nd	16.9	22.4
3rd	15.6	22.2
4th	15.9	20.7
5th	16.0	12.2
6th	15.0	20.6
7th	15.1	20.6
8th	15.2	20.5
9th	15.2	21.4
10th	15.9	21.1
11th	14.9	21.7
12th	14.8	21.2
13th	14.6	20.8
14th	23.9	20.8
15th	39.2	29.1

It is suggested that the progressive decline in rates should start earlier and this together with the suggestion of reducing the mileage in the first 'leg' from 300 to something like 120 miles would make it possible for a large number of commodities to enjoy the benefit of the telescopic class rates.

Q: 4. Under the present method no charge is made for the commodities covered by the maximum rates beyond a distance of about 1,500 miles. But there are very few commodities which move such long distances. It is suggested therefore, that the structure of rates should be so revised that the maximum in case of each class rate and wagon-load scale should be reached for distance earlier than 1,500 miles. Maxima should also be fixed for all the wagon-load scales.

Q: 5. *Terminal Charges.*—Terminal charges have been defined as "a reasonable fee to cover charges for services incidental

to the consignors or duty of a carrier, such as the working charges, repairs, renewals and insurance of station buildings, sidings, sheds, platforms, warehouses, machinery, etc., ground rent, loading and unloading, clerkage, weighing and checking of goods, stores, covering, portage and other labour of every description, shunting, gas and lighting, rates and taxes, risk of damage in loading and unloading, cartage, claims for compensation, etc., inclusive of profit". It is, however, difficult to ascertain the cost of these various services in the case of each commodity and hence there is no justification for levying a separate terminal charge. Besides the present standardised terminal charges do not seem to have any relation to the size of the station or the nature of the facilities provided. In the United States the railway rates have been recognised as covering the full services which the carrier gives including terminal services. There is no reason why separate terminal charges should be levied if it is possible to merge them appropriately with the conveyance charges.

Terminal charges in India were being levied by the different railways. Such charges were recognised by Section 43 of the Indian Railways Act. Since 1948, however, there has been a standard tariff for terminal charges. Where the Railways are required to do loading and unloading, the charge is 8 pies per maund at each end and where the owners are required or permitted to do the loading and unloading, the charge is 6 pies per maund at each end. Coal is charged at 8 pies per maund at each end when not in wagon-loads, and 8 as. per ton at each end when in wagon loads. These charges levied as separate charges create hardships especially when the commodities move over short distances. The examples given towards the end of this answer would show the high incidence of terminals on short distance traffic. From the point of view of simplifying the rate structure it would be better if these separate charges were not levied.

At present the charge is reduced by 2 pies per maund at each end where owners are required or permitted to do loading or unloading. That means a reduction of 25 per cent from 8 pies which is the standard charge. These apply especially to bulk movements of industrial raw materials. In the case of these movements the wagons arriving at the terminal station are moved to the factory siding without the Railways having to provide any such service as unloading, taking care of goods or storing them in covered space, etc., as are normally required for general merchandise. The reduction of only 25 per cent when traders are themselves bearing the cost of most of the terminal services is grossly inadequate. It is essential that if terminal charges are kept separate they should vary in direct proportion to the services rendered by the Railways and appreciably lower rate of terminals should be charged in respect of bulk movements of raw materials.

*'Short Distance' Charge:* The 'short distance' charge for less than 75 miles has no justification in view of the minimum distance prescribed for the charge. It is claimed that as the traffic hauled over such distances severely restricts the earning capacity of wagons because of the high incidence of

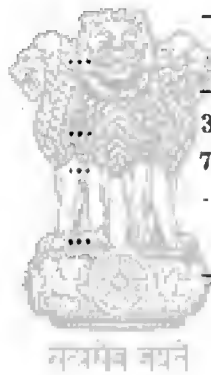
wagon occupation in relation to the insignificant service performed, the levy of a minimum charge is an age-long practice followed not only in India, but also in foreign Railways. But it is for this same reason that higher conveyance charges are kept in the case of short distance traffic. One consequence of the application of telescopic rates is that traffic over short distances has to bear a relatively higher freight rate than traffic over a long distance. The higher rate for short distance is, therefore, really intended to raise the earning capacity of wagons to meet the high incidence of wagon occupation in relation to the service performed and there is, therefore, no justification for the levy of an additional short distance charge. Further, short distance traffic is

mostly moved in 'local' wagons, as opposed to the poolable wagons which are used for long distance traffic. By and large the earning capacity of the wagons is not sacrificed or impaired. Local wagons are more quickly released and, therefore, wagon usage is more effective than for long distance traffic. As raw materials for industries constitute, in the main, short distance traffic a heavy increase in the rate for the movement of raw materials is bound to affect production and industrial development adversely.

The following examples illustrate the heavy incidence of terminal and short distance charges borne by short distance traffic :

#### Example 1.

Station to Station Rates		Short Distance Charge	Terminals.
Freight:	16 pies	6 pies	12 pies
		— (Total 34 pies per md.)	
Short distance charge accounts for	...	17.7% of the total rate.	
Terminals account for	...	35% do	
Both the above account for	...	52.7% do	
Short distance charge is	...	37.5% of the actual freight.	
Terminal charge is	...	75.0% do	
Both these represent	...	112.5% do	



#### Example 2.

Station to Station Rates.		Short Distance Charge.	Terminals.
Freight :	9 pies	6 pies	12 pies
		— (Total 27 pies per md.)	
Short distance charge accounts for	...	22.0% of the total rate.	
Terminal charge	...	44.0% do	
Both the above account for	...	66.0% do	
Short distance charge is	...	67.0% of the actual freight.	
Terminal charge is	...	133.0% do	
Both these represent	...	200.0% do	

From the above examples it would be clear that a heavy burden is now imposed on short distance traffic. Such traffic consists for the most part of bulk movements of industrial raw materials. The Committee of the Federation, therefore, urge that these fixed charges should be removed and if the terminal charges are kept separate they

should be so revised as to vary directly in proportion to the services provided by the Railways.

**Transshipment Charge.**— Separate transshipment charge is made to cover the cost of transshipment on break of gauge points. When a trader books his consignment and

pays a certain freight for it, it is presumed that from the time of loading till the final delivery all the services incidental to the conveyance of his goods would be borne by the carriers. But burdening the traders with separate charges for each different service is unreasonable. This is especially so because the Railway as a public utility concern should see to it that the service it provides is cheap and efficient. From a long-term point of view the abolition of different gauges would reduce the costs of transport. And it is the responsibility of the Railways to gradually substitute broad gauge for metre gauge and narrow gauge.

In the circumstances the separate transshipment charges should be abolished.

Q: 6. The above question is not clear to the Committee of the Federation and therefore they are not replying to the same.

Q: 7. The minimum distance for charge was increased after 1948 from 10 miles to 20 miles. Change, if any, should be in the downward direction.

Q: 8. Empty haulage of ordinary or tank wagons is part of the day to day business of the Railways. The freight rates on various commodities are fixed after taking into account the cost of operation including the cost of empty haulage. In view of this there is no justification for the extra charge for haulage of empty tank wagons to the loading stations. Such a charge should be abolished.

Q: 9. Generally, the purpose of classification of goods is to determine the freight rate appropriate to each commodity having

regard to their value and transportation characteristics. These include the bulk of commodity in relation to its weight, the risk of carriage, liability to damage, cost of carriage, adaptability of movement in car-loads and so on. Each commodity will differ from the point of view of these characteristics and hence would be entitled to a different class. In order, however, to simplify the rate structure the practice of grouping under one head commodities which have similar transportation characteristics is followed. For instance, electrical appliances are divided into 4 groups, A, B, C and D, and each group is assigned a different class rate. Similar groupings are made for iron and steel, oils, coal, seeds and so on.

While there should be no objection in principle to such grouping of commodities from the point of view of simplifying the rate structure, the existing groups require reconsideration. To illustrate the point:

Under electrical appliances and fittings Div. 'A', are listed battery containers, electrical bulbs, electrical lamps, torches, electrical fans, electrodes carbon, and electrodes metal welding and hooks. It is difficult to understand how these articles can be said to have common transportation characteristics.

Similarly, under electrical appliances, Div. 'B' (11 R. R. 9 O. R.) are classified regulators along with the cheap accessories such as, ceiling roses, insulators, cleats and tubes, link clips, strap clips. Cleats, ceiling roses and insulators are probably made from earthenware and there is a lower classification for earthenware N. O. C. at 7 R. R. and 5 O. R. which could be applied.

Further glaring anomalies appear in the case of different kinds of copper wire classified under different heads as shown under:

Under

Electrical Appliances

Div. 'B'

11 R. R. 9 O. R.

Copper weld wire

Wire fuse

Wire thinned copper  
for binding

Resistance strips  
wire.

Electrical Appliances

Div. 'C'

7 R. R. 5 O. R.

Copper strips

Hard-drawn copper-  
wire.

Copper wire, N. O. C.

9 R. R. 8 O. R.

Copper wire, N. O. C.

Under Electrical appliances Div. 'C' 7 R. R. 5 O. R. is listed distribution pillars, presumably iron or steel, while poles are classified under Iron or Steel Div. 'B' 4 R. R.

Under Electrical appliances Div. 'D' 8 R. R. are shown wooden battens, blocks, casing and capping, while boxes, cases, casks, tea chests wooden with or without fittings are classified at 2 R. R. What is the justification to charge the wooden battens, blocks etc., at the higher class 3 rate?

Similarly, in the case of machinery, items such as, boilers, engines, road rollers and cranes, turn-tables and weighbridges have been classed together with hand pumps and hand presses, copying presses and weighing scales and accessories, and charged alike.

The artificial method of grouping, under one nomenclature, of articles according to use, ignoring their respective value and other characteristics, is bound to lead to anomalies.

There is another point regarding the present system of grouping which is worthwhile noting. Although it is claimed that the various articles are grouped under one head because they display common transportation characteristics, the Railway Rates Tribunal have not recognised the need that articles grouped under one head should be given similar treatment for the purposes of charging rates. In one of the cases (complaint No. 6 of 1952—Applicant, the Indian Iron & Steel Company Ltd.) it was held that all articles grouped together under the same head need not necessarily get the same or similar concessional rates. It was stated in the course of the judgment that "such grouping of commodities is merely a device to simplify and reduce the bulk of the goods tariff, compared to entering each individual commodity separately, and it does not warrant the conclusion that the commodities so listed are similar in all respects and must always be treated similarly." It is difficult to understand in view of this interpretation of the present system of grouping how the same class rate could be applicable to the various articles under a group if they do not have the same or similar characteristics.

While, therefore, grouping as such is a useful device, it is suggested that the present

groups are not all arranged appropriately. It is necessary in order to remove the anomalies that there should be a regrouping of the articles in an intelligible and scientific manner. If such regrouping is found difficult to be arrived at, it would be better to give up the system of grouping altogether and classify each commodity separately according to its known transportation characteristics

Q: 10, As was pointed out in answer to question 9, the present system of grouping commodities and prescribing one class for a group as a whole results in a number of anomalies. Besides, the classification is complicated and the description of goods overlap. Instances can be cited where items of the same nature or quality are put under different classes so that two commodities in the same category have to pay the same rate although one of them is cheaper in cost. The following instances illustrate the point:

Paints having flash point below 200° F. but not below 95° F. are put under class 9 R.R. and 8 O.R. But varnish paints and varnish having a flash point below 200° F. but not below 95° F. are placed under class 7 railway risk and class 5 owners' risk. The price of varnish is higher and yet it enjoys a lower freight.

The freight works out to :

	100 miles	400 miles	700 miles
	Rs. a. p.	Rs. a. p.	Rs. a. p.
Class 9 Railway Risk	0 7 6	1 13 6	3 2 0
Class 8 Owners' Risk	0 7 0	1 11 6	2 14 7
Class 7 Railway Risk	0 6 6	1 9 7	2 11 5
Class 5 Owners' Risk	0 5 8	1 6 3	2 5 7

While spirit, wine and cordials are put under classes 9 and 11, ale and beer in classes 4 and 6, rectified spirit and absolute alcohol for industrial purposes are put in

class 15 railway risk. This is irreconcilable. The material is used by the pharmaceutical industry. The freight on the different commodities works out to :

	100 miles		400 miles		700 miles	
	O/R	R/R	O/R	R/R	O/R	R/R
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Spirits wines and cordials	0 7 6	0 8 8	1 13 6	2 2 1	3 2 0	3 9 9
Ale and Beer	0 5 3	0 6 1	1 4 7	1 7 11	2 2 9	2 8 6
Rectified Spirit and absolute alcohol.	...	1 1 7	...	4 0 6	...	6 1 10
Denatured Spirit (Methylated spirit.)	0 7 0	0 8 1	1 11 6	1 15 9	2 14 7	3 5 9

Colours and dyes which cost three times the price of casein are in class 7 while casein is put in class 10. The freight works out to :



	100 miles	400 miles	700 miles
	Rs. a. p.	Rs. a. p.	Rs. a. p.
Colours dyes (class 7)	0 6 6	1 9 7	2 11 5
Casein (class 10)	0 8 1	1 15 9	3 5 9

While foodgrains are moved in class 1, salt which is also a consumption article but much cheaper is moved in classes 7, 12 and 14. The freight works out to :

	100 miles	400 miles	700 miles
	Rs. a. p.	Rs. a. p.	Rs. a. p.
Foodgrains (Class 1)	0 4 1	1 0 0	1 10 10
Salt, Refined in bags (Class 7)	0 6 6	1 9 7	2 11 5
Salt for table use (Class 12)	0 9 3	2 4 5	3 13 10
Salt aniline (Class 14)	0 11 9	2 13 1	4 10 0

There was a special Committee to go into the freight on salt and it had recommended that salt should be moved on the same basis as foodgrains. No action appears to have been taken on the recommendations of this

Committee. Salt is required to be moved for industrial purposes as raw material for heavy chemical industries. Salt has to be made available to these industries at cheap cost.

Again caustic soda solid has been given WL/B rates in class 4 but caustic liquor has to be moved in class 4 without any wagon-load rates. The rates work out to :

	100 miles	400 miles	700 miles
	Rs. a. p.	Rs. a. p.	Rs. a. p.
Caustic Soda solid (WL/B Rates in Class 4).	0 4 0	0 12 0	1 1 9
Caustic Soda Liquor (Class 4)	0 5 3	1 4 7	2 2 9

It is common knowledge that industrial consumers have to dissolve caustic soda solid and extra cost is incurred both by the manufacturers in solidifying caustic soda and packing in drums and by the consumers on account of fuel for dissolving same. The conversion of 1 ton of caustic soda liquor to solid requires 0.5 ton of coal. Transport of coal which is uneconomic to Railways will be avoided if the freight rate on caustic soda liquor is adjusted. The country will also

save in steel and fuel. Caustic soda liquor should be placed on the same basis as caustic solid. Both the Railways and the country stand to gain by this arrangement.

It will be found from the following instances that same goods under different descriptions have been put in separate classes. The basis behind this classification is hard to follow :

Fish dried or salted is in class 3 under railway risk ; fish in tins in class 12. Again fish preserves are in class 12 under railway risk. Tapioca in tins is classified in class 12. Tapioca starch is the cheapest starch. Starch in tins is under class 8 and starch N.O.C. in class 4. The freight on the different items works out to :

	100 miles	400 miles	700 miles
	Rs. a. p.	Rs. a. p.	Rs. a. p.
Fish dried or salted (class 3) R.R.	0 4 10	1 3 0	2 0 1
Fish in tins and fish preserves	0 9 3	2 4 5	3 13 10
Tapioca in tins	0 9 3	2 4 5	3 13 10
Starch	0 7 0	1 11 6	2 14 7
Starch N. O. C.	0 5 3	1 4 7	2 2 9

Tea chests come under class 2 along with wooden boxes, but they are in class 4 also separately as tea chests made up. The freight in the two cases works out to :

	100 miles	400 miles	700 miles
	Rs. a. p.	Rs. a. p.	Rs. a. p.
Tea Chests (class 2)	0 4 6	1 1 7	1 13 6
Tea Chests (class 4)	0 5 3	1 4 7	2 2 9

Leather slippers, scrappings and shavings come under class 2 railway risk while leather trimmings under class 5 railway risk. The freight works out to :

	100 miles	400 miles	700 miles
	Rs. a. p.	Rs. a. p.	Rs. a. p.
Leather slippers (class 2 railway risk)	0 4 6	1 1 7	1 13 6
Leather trimmings	0 5 8	1 6 3	2 5 7

Glass carboys returned empty are in class 4 railway risk while the glass carboys empty are under class 6 railway risk. The freight works out to :

	100 miles	400 miles	700 miles
	Rs. a. p.	Rs. a. p.	Rs. a. p.
Glass carboys returned empty (class 4 railway risk)	0 6 3	1 4 7	2 2 9
Glass carboys empty railway risk	0 6 1	1 7 11	2 8 6

Fibrous materials for paper making compressed when the space taken is less are under class 3 railway risk while raw materials for paper making are under class 1 railway risk. The freight works out to :

	100 miles	400 miles	700 miles
	Rs. a. p.	Rs. a. p.	Rs. a. p.
Fibrous materials (class 3 railway risk)	0 4 10	1 3 0	2 0 1
Raw materials for paper (class 1 railway risk)	0 4 1	1 0 0	1 10 10

Indigo dust, seeds, sweepings, are under class 3, but indigo or indigo leaves, powdered fall under class 8 railway risk. The freight works out to :

	100 miles	400 miles	700 miles
	Rs. a. p.	Rs. a. p.	Rs. a. p.
Indigo dust etc. (Class 3)	0 4 10	1 3 0	2 0 0
Indigo leaves etc. (Class 8 railway risk)	0 7 0	1 11 6	2 14 7

While Til seeds are under 12 railway risk other oil seeds like castor, rape, mustard etc., are under class 4 railway risk. The freight works out to :

	100 Miles	400 Miles	700 Miles
	Rs. a. p.	Rs. a. p.	Rs. a. p.
Til seeds (class 12 railway risk)	0 9 3	2 4 5	3 13 10
Castor, rape, mustard etc., (class 4 railway risk)	0 5 3	1 4 7	2 2 9

While wheat and gram are given WL/D wagon-load scale, wheat and gram flour are given WL/H scale which comes to about 30% higher than the rate charged on wheat and gram. Besides for wheat and gram, there is a ceiling in freight of Rs. 1/13/- per maund, while there is no such ceiling applicable to wheat and gram flour. The difference in price between wheat and gram and their flour does not generally exceed 10% while the gap between the freight on both the commodities has been so much widened that flour has to pay about 65% more than wheat on long distance traffic on

account of the ceiling in freight on wheat and gram, with the result that wheat and gram flour which used to be supplied from North to South have been stopped due to such unreasonable high freight.

Before 1948 (subsequent to the decision of the Railway Rates Advisory Committee in the case of No. XXXIV of 1932—Roller Flour Mills, Patiala vs. E. I. Rly.), the difference between the freight rates chargeable to traffic of wheat and gram and flours thereof was as under :—

Distance.	Wheat.		Flour.		Difference.	Percentage increase over wheat rate.
	Rate per Maund per mile.	Calculated rate per Maund excluding terminal charges, etc.	Rate per Maund per mile.	Calculated rate per Maund excluding terminal charges, etc.		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Pie.	Rs. a. p.	Pie.	Rs. a. p.	Rs. a. p.	
1 to 75	.380	0 2 5	.380	0 2 5	Nil.	Nil.
76 to 100	.200	0 2 10	.380	0 3 2	0 0 4	12%
101 to 300	.200	0 6 2	.220	0 6 10	0 0 8	11%
301 to 600	.100	0 8 8	.150	0 10 7	0 1 11	22%
601 to 1000	.100	0 12 0	.115	0 14 5	0 2 5	20%
1001 to 1500	.100	1 0 2	.115	1 3 3	0 3 1	19%
1501 to 2000	.100	1 4 4	.115	1 8 1	0 3 9	19%

Now with effect from 1st April, 1955 the gap between the freight rate of wheat, gram and flour thereof has been enormously increased as will be evident from the following comparative freight rate table and thus with the increased freight the traffic of flour of wheat and gram cannot move to distant places :—

Distance.	Before 1st October 1948.		After 1st April 1955.		Percentage increase over 1948 rate.
	Difference in freight per Maund between wheat, gram and flours.	Percentage.	Difference in freight per Maund between wheat, gram and flours.	Percentage.	
(1)	(2)	(3)	(4)	(5)	(6)
	Rs. a. p.		Rs. a. p.		
1 to 75	Nil.	Nil.	0 0 7	24%	24%
76 to 300	0 0 8	11%	0 2 6	26%	15%
301 to 600	0 1 11	22%	0 4 9	30%	8%
601 to 1000	0 2 5	20%	0 6 9	31%	11%
1001 to 1500	0 3 1	19%	0 9 3	32%	13%
1501 to 2000	0 3 9	19%	1 2 7	64%	45%

From the above statement it will also be noticed that the difference in freight per maund between wheat and gram on the one hand and the flour at the other increases steeply with the increases in distance, especially beyond 1500 miles. Thus the

freight rates are causing hardship to an already established industry and probably depriving the consumer of the advantages of getting a daily necessity of life such as *Atta* at a cheap and reasonable cost.

There are other instances where on account of anomalies the development of new industries is hampered. The caustic soda industry by the electrolysis process is not being developed in the country because of the difficulty of disposal of chlorine and their products. With improved consumption of chlorine products such as hydrochloric acid, liquid chlorine, etc., it will be possible to manufacture caustic soda by the electrolysis process. In India, the use of chlorine products in other manufactures and for disinfection, purification etc., is not made to the same extent as in foreign countries. Hydrochloric acid can be used for pickling steel. Engineering industries in the country can produce much better quality steel by subjecting steel to the pickling process. They are not at present using this process because hydrochloric acid is not enabled to move at economic transport charges. It is moved in the highest class under railway risk. There is no owners' risk rate also.

Sulphuric acid is manufactured at present in the country by a large number of units with imported sulphur. It is possible to manufacture sulphuric acid with indigenous raw materials like pyrites and from the process of smelting copper, zinc etc. Sulphuric acid is an important raw material for super phosphates and is required by other industries. The very heavy freight that is levied now is not helpful to the development of not only the sulphuric acid production but also other industries which use sulphuric acid as raw material. Sulphuric acid is now in class 14 under railway risk. The freight works out to Rs. -/11/9, 2/13/1 and

4/10/- under railway risk for distances of 100, 400 and 700 miles. It is nearly twice that of chemical manures which are in class 3 under railway risk with wagon-load B scales. The freight on manures works out to Rs. -/5/8, 1/6/3 and Rs. 2/5/7 for similar distances. The movement of a commodity that is a raw material must be understandably made in a lower class than the finished product.

The argument that the movement is hazardous is untenable in the present circumstances. As Government are encouraging use of fertilizers more and more for agricultural production, it would be necessary and it is quite possible also to augment production of fertilizers in the country. But, Government must put the materials required for the manufacture of fertilizers in the appropriate class. Ammonium sulphate is being moved in classes 3 and 2 in railway risk and owners' risk respectively, but raw materials such as sulphur, sulphuric acid and salt are moved in classes beyond 6. Phosphate rocks, another raw material for fertilizers, are probably placed under class 3 along with chemical manures. But this should be properly classified along with minerals and ores which are in class 1 with wagon-load scale. Some Railways have been convinced of the hardship on account of the freight and given special concessional rates for the transport of phosphate rocks. There is no valid reason why this concession should not be made uniform. The freight on the different items above-mentioned works out to:

	100 miles Rs. a. p.	400 miles Rs. a. p.	700 miles Rs. a. p.
<b>Ammonium Sulphate :</b>			
Class 3 railway risk	0 4 10	1 3 0	2 0 1
Class 2 owners' risk	0 4 6	1 1 7	1 13 6
<b>Sulphur (Class 6)</b>			
Wagon-load rate	0 4 0	0 14 11	1 6 8
<b>Sulphuric Acid :</b>			
Class 14 railway risk	0 11 9	2 13 1	4 10 0
Class 12 owners' risk	0 9 3	2 4 5	3 13 10
<b>Salt : Class 7</b>	0 6 6	1 9 7	2 11 5
Class 12	0 9 3	2 4 5	3 13 10
Class 14	0 11 9	2 13 1	4 10 0

From the analysis above, it is clear that certain commodities are particularly adversely affected under the existing classification and a new basis has to be made both from the point of view of national development and advantage to the Railways. Vast scope for development of chemical industry in our country exists and it should be actively assisted. Nothing effective can be achieved so long as materials like sulphuric acid, caustic soda liquor, hydrochloric acid, chlorine etc., and salt are burdened with heavy freight. The freight

rates in respect of these commodities have to be moved down appropriately consistent with their importance from the development point of view and classification of like and similar commodities.

Another instance is in regard to freight rate on fresh fruits and preserved fruits. There is general tendency to greater use of tinned fruits and vegetables and it is in the interest of national health to encourage use of tinned fruits and vegetables. It is desirable that fruits and vegetables available in

a place at a particular season should be preserved so that they may be sent to areas where such fruits and vegetables are not available and they may be used even during the off-season. But the freight policy that is followed at present does not encour-

age this kind of development of tinned or canned fruits and vegetables because fresh fruits are moved in class 3 with wagon rate scale while fruit preserves are moved in class 12. The freight works out to :

Fresh Fruits (Class 3)
Fresh Fruits W. L. Rates
Fruit preserves

100 miles	400 miles	700 miles
Rs. a. p.	Rs. a. p.	Rs. a. p.
0 4 10	1 3 0	2 0 1
0 3 7	0 13 5	1 4 6
0 9 3	2 4 5	3 13 10

The above examples of the anomalies in the present classification underline the necessity for a detailed revision of the entire rate structure. The Committee will no doubt be informed of numerous other anomalies by the individual industries concerned. The general point that may be emphasised is that in classifying the commodities, attention should be concentrated on the consistency of the entire rate structure rather than on securing the largest possible revenue.

A special Sub-Committee comprising experts and representatives of industry and trade should be constituted to go into the details of classification.

There is another point which needs to be emphasised. While it is presumed that the rates for various commodities are determined according to their transportation characteristics, the users of Railways who are called upon to pay these rates do not know the basis on which various rates are determined. It is suggested, therefore, that the public should be fully informed of the various considerations which govern the modifications in the present classification.

Q: 15. The acceptance of the above suggestion would naturally depend upon the class rate which would be made applicable to the different commodities which are at present in different classes and bear different rates. If the suggestion would result in charging a fairly high rate in order that the Railways should continue to earn the same revenue as at present from the 'smalls', it is not acceptable. The practical difficulties have also to be considered. A maximum weight will have to be prescribed to determine whether a consignment is a 'small' consignment for purpose of being classed under the special class rate for 'smalls'. Here the question of marginal adjustment will arise. For instance, orders for consumer goods are normally placed in reasonably small quantities according to the conditions of demand. If, therefore, a consignment of a consumer goods like, say soap, falls below the maximum weight prescribed, it will have to bear a

much higher rate than a consignment of the same commodity weighing slightly more than the maximum weight.

Q: 16. (i) The existing 'W' condition, i.e., the minimum weight condition qualifying for a wagon-load rate should be made flexible. Inasmuch as quick movement of wagons is essential it may be necessary in some cases and at some stations to revise the 'W' condition in a downward direction. The convenience of the traders in despatching such quantities of goods as are warranted by conditions of demand and supply should be borne in mind. This will ensure a better utilisation of the available transportation capacity.

(ii) It has been suggested in reply to question 3 (i) that wagon-load rates should be provided for all commodities. It would, however, be a wrong solution if the present class rates which are applicable to small consignments, as well as wagon-load scales were converted into wagon-load rates. In fact, the present freight rates, if they cannot be reduced generally, should be deemed as rates for 'smalls', and for wagon-loads the rates should be appropriately lower.

(iii) A reduction in freight rates for quantities loaded beyond the minimum weight per wagon would be welcome.

In addition to the above devices which would help to encourage movement of wagons, it is suggested that an appropriate adjustment of wagon-load rates even under the present rate structure can be made to obtain better usage of transportation capacity.

For example, strawboards are now classified at class 2 rate and there is no wagon-load rate for this commodity. But according to the present practice a wagon of 20 or 23 tons may be supplied. If the present WL/F wagon-load scale was applied to strawboards with a minimum weight of 450 maunds (it is possible to load 500 maunds), the comparative earnings in a wagon loaded with 240 maunds at class 2 rate and on 450 maunds at WL/F rate for certain mileages will be as follows :

Miles	Class 2 Rate per Md.	On 240 Mds.	WL/F Rate per Md.	On 450 Mds.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
100	0 4 11	74 0 0	0 3 7	100 0 0
300	0 14 9	221 0 0	0 10 9	302 0 0
400	1 2 10	282 0 0	0 13 5	377 0 0
600	1 11 0	405 0 0	1 2 9	527 0 0
800	2 1 4	500 0 0	1 6 3	625 0 0

Take another example of cotton piece-goods which are classified at class 10 (R.R.) and class 9 (O.R.). Here again a wagon will be supplied for a load of 240 maunds and charged at class 9 (O.R.). If a lower class

rate at class 6 was applied with a minimum weight for charge of 500 maunds, the comparative earnings per wagon on a load of 240 maunds and 500 maunds will be as follows:

Miles	Class 9	On 240 maunds	Class 6	On 500 maunds
	Rate per maund Rs. A. P.		Rate per maund Rs. A. P.	
300	1 8 9	371 0 0	1 4 0	625 0 0
600	2 13 9	686 0 0	2 5 0	1156 0 0
900	3 14 3	934 0 0	3 2 6	1578 0 0
1200	4 14 9	1181 0 0	4 0 0	2000 0 0
1500	5 15 3	1429 0 0	4 13 6	2422 0 0

Several other examples like the above can be cited to show that the Railways can earn more revenue and at the same time use the wagon capacity to a fuller extent by providing wagon-load rates for all commodities.

Q: 17. The Railways have to run quite a few special goods trains daily for their own convenience even now. From their point of view special trains reduce the cost of operation and ensure speedier movement of goods. From the point of view of traders the possibility of sending goods in a train load is advantageous in so far as the delays in transit are reduced. There may not be many commodities for which the traders would find it convenient to offer consignments in train loads. But items like coal, cement, lime stone, iron ore and textiles could be moved in train loads. So also commodities which move regularly between specific points or in special type of wagons. It is worthwhile introducing train load rates.

Q: 18. It is the day-to-day business of the railways to convey the goods traffic expeditiously. There is absolutely no reason why additional charge should be levied on grounds of "express service", especially when the cost of operation would be reduced. The Committee would strongly urge that this service should not become something like "urgent phone calls" and "express telegram" in that while the users are made to pay higher charges, there would not be commensurate improvement in the service. On the other hand even the normal service would suffer.

Q: 19. It has been brought to the notice of the Committee that adequate number of cranes is not made available to the users even at various junction points. It is most essential that this facility should be extensively provided by the Railways on a 'no profit no loss' basis.

Q: 21. It is for the Railways to show whether the overall charge for short distance is generally unremunerative. As far as can be judged from the published figures, there seem to be no justification for such a statement. Under the new telescopic class rates the charge for the first 'leg' which covers the first 300 miles is put at the highest. This is intended to cover the higher costs of operation for short distance within the first 'leg'. In addition there is the extra short distance charge for traffic moving for

less than 75 miles and also the minimum distance of 20 miles for charge. All these provisions are intended to, and do in fact, cover the costs of operation over short distances.

The average lead, i.e., the average mileage a ton of goods was carried, in respect of 'other commodities' excluding grain, oilseeds and coal, varied from 182 miles in 1949-50 to 236 miles in 1953-54. These mileages are all within the first 'leg' of the telescopic class rate. Yet, during the period between these two years, the Railways' gross revenues have been sufficient to meet the growing working expenses as well as the depreciation and interest charges. It is, therefore, surprising that the overall charge for short distance charges is thought to be unremunerative.

(a) In a country where there is intense competition between the various alternative modes of transport, it would perhaps be justifiable in principle and expedient in practice to allow the traffic over short distances to be carried by other forms of transport which can do so most economically. But to suggest that Railways should not carry short distance traffic in our country where on account of a number of unfavourable factors, alternative forms of transport have not been developed, is to take a very narrow view of the overall transport requirements of industry and trade. It is a matter of common knowledge that before the war, because of intense competition from road transport, the Railways had urged for co-ordination. Latterly the development of road transport has been impeded because of the artificial restrictions on inter-zonal movement and a very high incidence of taxation on commercial vehicles. It would be in the general interest of the Railways as well as the users of Railways if these hindrances to the development of road transport were removed. When this is done, it may be worthwhile examining the suggestion that Railways should not carry short distance traffic. But at the present stage it is undesirable for the Railways to refuse any traffic whatsoever. In the foreseeable future, when the volume of traffic is bound to increase considerably as a result of the implementation of the Second Five-Year Plan, the alternative modes of transport should be looked upon



as supplementing each other rather than as substitutes.

(b) Any adjustment in the freight rates on short distance traffic with a view to encouraging alternative means of inland transport would be feasible only if positive steps are taken to develop road transport and inland waterways. Otherwise, the only effect of raising the freight on short distance would be to increase the cost of transport to the users who would still be compelled to offer their goods for carriage to Railways.

(c) What has been said regarding the road transport and inland waterways applies also to coastal shipping. The whole question of transport co-ordination needs to be examined dispassionately and from the point of view of the overall needs of a developing economy. It is the responsibility of the Railways to carry all the traffic offered, and the Railways would not be justified in raising the freight rates on short distance traffic so as to be relieved of this responsibility. It cannot too often be emphasised that the Railways are a national utility and although they should be run as a commercial concern, they cannot escape the responsibility of carrying the traffic that is offered to them.

Q: 22. Generally freight rates by road should be cheaper than Railway freight provided the flow of traffic is not impeded by interzonal restrictions and heavy taxation. The Motor Vehicles Taxation Enquiry Committee found that the users of motor vehicles in India were probably the highest taxed in the world. In some cases the tax worked out at about 21.9 pies per ton mile, being double the corresponding average rate charged for carrying goods by rail.

Q: 23. The idea of a freight pool as suggested in the question is to so revise the freight rates on particular commodities that the Railways should earn the same revenue as at present while charging a uniform rate for the commodity concerned irrespective of distance. For example the rate for coal would be quoted not as so many pies per maund per mile but as so many annas per ton irrespective of the distance travelled. In effect, this would mean that coal travelling over short distance would subsidise coal travelling over long distance. It is true that when essential raw materials have to be brought over long distances, the total freight amounts to a considerable proportion of the total cost of raw materials. And it would seem that it is in order to remove the hardships created by such high freights that a freight pool is suggested. But it is doubtful if such a freight pool should remove the locational advantage of an industry which has been established near to the source of raw materials. It would violate one of the accepted tenets of Railway rates policy, viz., that it is not the function of the Railways to equalise the geographical advantages which are naturally enjoyed by certain industries. Further, even though it may be found necessary to subsidise long distance traffic in essential commodities, those who move their raw materials over short distances should not be penalised and called upon to bear the cost of subsidy.

Q: 24. The concept of a freight pool has been discussed above. Whether there is

any justification for making an exception in the case of raw jute is a matter which should be discussed in detail with the interests concerned.

Q: 25. The Committee will be in a position to reply to this question if they are apprised of the implications of it.

Q: 26. The implementation of the various schemes and projects under the First Five-Year Plan has resulted in a considerable increase in the production of food articles and also of the manufactured consumer goods. These developments have provided a sound base for the future economic development of the country in which it is now proposed that expansion of existing basic producer goods industries and establishment of new ones should be given a higher priority.

The role of Railway freight policy in the developments that have already taken place has been rather passive. Time and again the Tariff Commission have suggested that the Railways should adapt their freight policy to suit the needs of the industries for which they recommended protection. For instance in 1953 they recommended that special rates not exceeding one half the then existing rates should be levied on conveyance of new motor vehicles manufactured within the country. For soda ash and caustic soda, their recommendation was that Railways should treat favourably the requests of the industries for reduction in rates on raw materials and finished products of these industries. The Railway administration has not responded to these recommendations.

The revision of the present rate structure should take into account the needs of the basic producer industries for which a plan of rapid development is envisaged. Most of these industries would involve large initial capital outlay and their costs of production are likely to remain high in the early years. If at the same time the cost of transport is also high, the combined effect of these high costs would permeate the entire industrial structure.

Q: 30. The purpose of station-to-station rates is to enable the zonal Railway authorities to exercise their discretion in order to remove the hardship which would be caused to a particular trade or industry by applying the standard telescopic class rate. Such rate should take into account the peculiar needs of an industry or trade. Before the revised classification was introduced in 1948, a large number of station-to-station rates were quoted and the users of Railways were on the whole satisfied with these special rates. There is apparently no justification for the abolition of these rates. On the contrary, in the context of the rapid industrial development and the drive for promoting India's exports to other countries, the revival of the old system has become an urgent necessity. Station-to-station rates could be quoted to assist the development of basic producer goods industries. Essential raw materials can profitably move at these rates. Similarly special rates for articles of export from the centres of production to one of the major ports would provide fillip to our export trade.

The suggestion that these rates should be revived on a large scale may therefore be accepted.

Q: 34. The construction of new lines in under-developed areas is a part of the responsibility of the Railways. The purpose of such new lines is to open up these areas and develop their trade with other areas as well as their industries. This again will now be achieved if with a view to meeting the cost of construction of new lines additional burden is placed on the cost of transport in those areas. It is the function of Railways not only to open up new areas but also to develop traffic. For these reasons the cost of new construction should be borne by the general Railway finances.

Q: 36. Under the revised convention for the separation of Railway finance from the general finance, adopted in 1955-56, the Railways are expected to meet all their expenses either out of current revenues or the Development Fund. To the latter are to be charged all the costs of developmental expenditure including expenditure on maintenance for goods and passenger transport as well as that of construction of quarters for the class III staff. It is only in the event of the balance in the Development Fund becoming insufficient to meet the cost of developmental works chargeable to the fund that the Railways can borrow from the general revenues.

The revised convention had, as its aim, the prevention of over-capitalisation of the Railways. The development programme of the Railways in the Second Five-Year Plan envisages an expenditure of the order of Rs. 1500 crores in five years. It would be unrealistic to expect that all this expenditure can be met out of increased earnings of the Railways. The expenditure of Railways on all current items and on the normal developmental heads should be

borne by the Railways earnings themselves. This would include the normal increase in transport capacity, say 5% per annum: all reasonable extension of passenger amenities and current operating expenditure, (All other expenditure will have to be met by resorting to borrowings in the open market).

Q: 37. The Railways have to develop all industries and differential rates for commodities produced by organised industry and small scale industry, on which the incidence of freight is in any case not very high, would lead to practical difficulties. Even now organised industry has been taxed to subsidise small-scale industry. A more correct procedure would be to give subsidy from the general revenues.

Q: 38. It is for the Railways to answer.

Q: 39. While it is true that under the present freight structure certain commodities are carried at rates below the cost of transport, there is also a large number of commodities for which the freight rates are much higher than the cost of transport. It is more relevant to consider the case of these commodities which are bearing disproportionately high rates unrelated to the cost of transport.

Q: 40. An examination of the figures for the 'low rated' traffic such as coal, ores, lime stone, iron, grain and pulse, cement, etc. show that the earnings of the railways from the 'low rated' traffic are substantially higher than those from the 'high rated' traffic in jute raw, gunnies, tea, cotton, piece goods and petrol. As a matter of interest the earnings and tonnage of some of the 'low rated' and 'high rated' traffic for 1953-54 are compared below :

<i>Low rated</i>			<i>High rated</i>		
Commodity	Earnings (Rs. crores)	Tonnage m. tons	Commodity	Earnings (Rs. crores)	Tonnage m. tons.
Public coal & coke	20.86	28.79	Petrol in bulk	3.80	0.85
Iron & Steel,			Piecegoods		
wrought	9.11	3.61	(cotton manufactured)	3.39	0.77
Gram & Pulse	4.91	3.12	Gunnies	0.88	0.30
Oil Seeds	3.38	2.11	Tea	2.27	0.37
Marble & Stone	4.08	5.43	Jute (raw)	1.63	0.51
Cement	4.90	4.44			
Manganese Ore	2.97	2.88			
Other ores	3.51	4.32			
Manures	1.24	0.93			

It may be noted that for the 'low rated' traffic (except for marble) there are wagon-load rates for each of the commodities whereas for the 'high rated' commodities no such wagon rates are quoted, i.e., the small consignment rates apply. It is significant that the traffic and earnings on manures are the least and those for agricultural implements, tractors and machinery have been so small that they have not been included under the list of principal commodities carried by the Railways.

The 'low rated' traffic, being in wagon loads, costs the Railways less to move and at the same time being fully loaded saves considerable wagon capacity. A very large volume of this traffic is loaded either at private sidings or at station dumps and does not need the use of the Railway goods sheds. It also costs the Railways less compared with the 'high rated' traffic on which the overall costs to the Railways are high as they have to do the handling, provide goods shed accommodation, and pay large sums of

money in compensation for claims annually. These considerations show that the low rated traffic is the mainstay of the Railways and contributes the largest revenue which helps to meet a substantial portion of not only the working costs but also the overhead charges.

The large additional traffic envisaged, and especially the low rated traffic, will help greatly to reduce the average cost of haulage as Railway expenditure is subject to the economic law of diminishing costs. The average cost of haulage per ton per mile or per wagon per mile is no longer published in Railway Board reports. In any case the average cost of haul merely serves as a

guide to the Railway Manager, and no rates are fixed on average costs.

In the absence of any data from the Railways as to the capital and revenue expenditure to be incurred, it is difficult to visualise what surplus would be required to meet the financial stability of the Railways. However, from the Budget Estimates for 1955-56 and assuming a stage in the next 2 or 3 years when the Railways will have increased their carrying capacity by the necessary improvements so as to be able to carry 50% increased traffic resulting in an increase in the gross revenue of the 1955-56 budget estimate by 50% at the existing rates and fares, the following financial results may be derived:

	Rupees in crores	
	Budget estimate 1955-56.	Estimated financial result if gross earnings increased by 50% with corresponding increases under other heads of expenditure.
	(1)	(2)
Gross traffic receipts	292.50	438.75
<i>Working Expenses :</i>		
Ordinary Working Expenses	206.59	336.56
Appropriation to Depreciation		
Reserve Fund	35.00	35.00
Payments to worked lines	.21	.25
Total working expenses	241.80	371.81
Net Traffic Receipts	50.70	66.94
<i>Miscellaneous Transactions :</i>		
Receipts	.05	.50
Expenditure	7.54	9.50
Net Miscellaneous Expenditure	7.49	9.00
Net Railway Revenue	43.21	57.94
Dividend to General Revenues	36.07	40.00
Net Surplus	7.14	17.94

The above results show a net surplus of Rs. 17.94 crores if the gross earnings increase by 50% as a result of the increase in traffic as envisaged during the Second Five-Year Plan. Every item of expenditure has been suitably enhanced. The appropriation to Depreciation Reserve Fund has been kept unchanged at the figure of Rs. 35.00 crores, as under the new convention this figure has been fixed for the next 5 years. Even if this figure is increased by, say, Rs. 5.00 crores, there would still be a surplus of Rs. 12.94 crores for contribution to the Development Fund and Revenue Reserve Fund. Therefore the financial stability of the Railway would not be impaired.

Q: 55. The Committee of the Federation have been informed that the railway siding charges in a few instances have been enhanced out of all proportion to the operating costs. The siding charge on some Railways such as the South-Eastern Railway is a fixed charge whereas the Committee have been informed that on others such as the Northern Railway, there is a scale of charges varying with the length of the siding and the actual distance of the siding from the nearest railway yard. The fixed charge irrespective of the length of siding etc. weighs heavily on the owners of private sidings. A scale of charges should, therefore, be available on all railways. Further there is no justification for levying terminal charges, even in

the case of traffic destined for private sidings where most of the terminal services do not have to be provided by the Railways.

Another complaint with regard to the private sidings has been that the Railways give all the empties at the point of interchange, i.e. at the point of commencement of the private siding. The private owner has to arrange through his own locomotives to sort out the empty wagons of the different sidings and push them to the respective points. This involves additional expenditure in the performance of a service which should normally be discharged by the Railways.

## PART II

Q: 1, 2 & 3. Under the present rating arrangements the ordinary standard telegraphic rates and the wagon-load scales are in respect of goods booked at railway risk. Alternative lower owners' risk rates are available for some commodities. The proportionate difference between the two rates varies greatly from commodity to commodity. The higher railway risk rates do not make the Railways insurers of the goods delivered to them for carriage. The liability of the Railways with respect to goods booked at railway risk, i.e., the ordinary tariff rate, is defined by Section 72 of the Indian Railways Act and is no more and no less than that of a bailee. This means that the Railways are bound to take such care of the goods delivered to them as a man of ordinary prudence would take of his own goods. They are not responsible for the loss, destruction or deterioration of the goods delivered to them although in case of any such loss, destruction or deterioration they are bound to show that they took the requisite amount of care. It is evident from this provision of the law that the Railways do not act as insurers of goods booked at railway risk. If the loss of goods is due to "running train thefts" or "pilferage in transit", the trader is not entitled to any claim for such loss. The Railway Administrations are reluctant to admit liability and in the first instance almost invariably repudiate claims on one or the other of the above pleas though, as will be shown presently, the Railways are obliged to eventually meet high claims.

The limited responsibility of the Railways for goods booked at railway risk and their reluctance in practice to admit claims compel the users of Railways to book their

goods at owners' risk rates wherever such rates are quoted. The Committee of the Federation have been informed that in more than 80 per cent. of the total railway traffic goods are booked at owners' risk rates. It is also a current practice for consignors to avail themselves of the facilities provided by private insurance at considerable cost to themselves. It should be remembered that the outside insurance companies are naturally inclined to charge high premiums because the consignment is in the hands of the Railways and because it is commonly known that the goods are not handled with the utmost possible care in transit. If the users prefer private insurance despite high cost, it is also due to the fact that the private insurance companies are prompt in settlement of claims. The dealings with these companies follow the normal commercial methods and the users are spared considerable time and effort involved in dealings with the Railway Administrations. Thus the effective cost of transport to the users is increased considerably because the responsibility of Railways as carriers of goods is limited in law and not properly discharged in practice.

The Committee of the Federation would stress that while it is necessary for Railways to assume greater responsibility than at present, it should also be their endeavour to encourage booking of goods at railway risk rates. Towards this end the difference in the railway risk rate and owners' risk rate should approximate to the actuarial valuation of the risk and further the Railways should be prompt in settling claims. It should also not be difficult for the Railways to exercise a fair degree of supervision so that the risk of damage and loss is considerably minimised. In this way while the users will be encouraged to avail of the railway risk rates the Railways would be enabled to reduce their claims. The effective cost of transport to the users will also be considerably reduced.

Q: 4, 5, 6, 19 & 21. There is ample evidence to show that there has been a marked increase in the payment of compensation claims by the Railways during and after the last war. The following table shows the number of claims, amounts paid and the proportion of such amounts to the gross earnings of the Indian Railways since 1938-39:

Year	No. of claims (in thousands)	Amount paid (Rs. lakhs)	Gross earnings (Rs. crores)	Percentage of the amount paid to gross earnings.
1938—39	34	4	103	·04
1939—40	35	5	108	·05
1940—41	43	7	122	·06
1941—42	59	10	141	·07
1942—43	63	18	163	·11
1943—44	84	45	194	·23
1944—45	86	81	226	·36
1945—46	131	145	237	·61
1946—47	84	90	215	·42
1947—48	111	131	177	·74
1948—49	161	227	225	1·01
1949—50	186	408	251	1·63
1950—51	161	333	263	1·27
1951—52	182	316	292	1·09
1952—53	186	314	270	1·16
1953—54	199	287	271	1·06

It should be noted that during the pre-war period the claims paid amounted to only 0.5% of the gross earnings of the Railways whereas in the post-war years they have amounted to more than 1.0%. The large amount of claims is an indication of the lack of care, efficiency and honesty with which the business of the Railways is being conducted. The causes of the loss of or damage to the consignments which give rise to these claims are many and varied. The various causes listed in question 5 have all been operative in giving rise to these claims. An important point to be noted in this connection is that even when the claims have been paid they do not fully compensate for the inconvenience caused to the customers. In the case of commodities like coal, where a claim is pending no fresh permit is given by the Controller till the claim is settled. Thus the non-delivery of a coal consignment and the delay in the settlement of claims result in the

purchasing firm being deprived of the supplies of coal for a considerable length of time.

Apart from the large number of claims which are being preferred, the delays involved in the settlement of claims add to the inconveniences caused to the users. Under the Railways Act a notice for a claim has to be given to the Railway Administration within six months from the date of booking and if the claim is to be contested in a Court, a notice of two months must be served within 12 months of the date of booking. It is a common experience that the Railways seldom settle the claims within 12 months and the public have to take recourse to legal action within the time-limit prescribed by the law to safeguard their interests. The following table gives particulars of the civil suits against the Railways in connection with the payment of claims:

Year	No. of suits filed in court (or pending from previous years) in respect of claims	No. of suits settled out of court	No. of suits dismissed	No. of suits decreed
	(in thousands)	(in thousands)	(in thousands)	(in thousands)
(1)	(2)	(3)	(4)	(5)
1948-49	62	12	5	8
1949-50	70	26	8	10
1950-51	42	17	6	6
1951-52	28	10	3	2
1952-53	24	7	2	1
1953-54	33	10	3	2

It will be noticed that a large number of cases are settled by consent and even in contested suits the decrees have mostly gone against the Railways. Only after a party is compelled to go to a Court of Law, do the authorities think of settling the suit out of Court. Much haggling takes place and the parties in order to avoid the cost and trouble of litigation are forced to accept a lesser amount than what they would have been otherwise entitled. Sometimes no reply is received for a long period and at others replies are received to the effect that enquiries are being made from State Governments or from the other connected Railways. No serious attempt is being made to settle the claim before the time-limit for filing a suit is over and this results in avoidable cost and harassment to the users of Railways.

Means should, therefore, be devised for a quicker disposal of claims. The following suggestions are made:

(a) Decentralisation of the Claims Department would go to some extent to relieve congestion at Headquarters. Now Local Inspectors can settle claims upto Rs. 50/-. A further decentralisation may be effected so that claims upto Rs. 500/- may be settled at the District or Divisional level.

(b) Generally, it should be the policy of the Railways to minimise the need for parties to

go to a Court of Law. Within three months of a receipt of a claim, the Railways should inform the parties concerned whether the claim is accepted or repudiated and the grounds for repudiation should also be given. If enquiries entail seeking information from State Governments or other Railways and no reply is received within a period of six months the claims made by the party should be accepted. It may be noted that the Railway Corruption Enquiry Committee have also recommended that for settlement of claims there should be a time-limit of three months for a claim relating to local traffic and six months for a claim relating to traffic moving over more than one Railway.

(c) In case of total loss of consignment, settlement should be made without delay on the condition that the claimants agree to reimburse the money to Railways in the event of the consignment being subsequently traced within a period of one year.

(d) Claims Advisory Committees consisting of representatives of Trade and Industry should be attached to the Claims Offices so as to ensure better co-operation between the Railways and the users of their services.

(e) The practice of bargaining by officials should be stopped. It is possible that a party may agree to a lesser amount than is due in order to avoid harassment and cost of litigation.



(f) An Appellate Court on the lines of the Income-tax Appellate Tribunal should be constituted to hear appeals in all Railway claim cases. This may help to improve the settlement of claims.

(g) The current practice is to repudiate claims for damage caused by wet in cases where at the time of loading the wagons were inspected and certified by the Railway staff in respect of water-tightness. Claims are repudiated even if the certified wagons are found to be leaky or defective at the destination. This is unreasonable as the certificate of fitness should mean fitness for the whole journey. The claims for such cases, should therefore, be accepted straightaway and not repudiated on the ground that certificate of fitness was issued at the time of despatch.

(h) Under Section 77 of the Railways Act, a claim has to be preferred within six months from the date of booking. Before a claim can be preferred, however, the consignor has to obtain a Short Certificate from the Railway concerned. As unreasonable delays occur in the issue of Short Certificates the parties could not prefer their claims within time. The Railway Board have already issued instructions to treat ordinary letters from claimants reporting non-receipt of consignments as valid notices of claim under Section 77. Such letters can be sent even in the absence of Short Certificates. It is, however, found that the Courts of Law have continued to dismiss claims precisely on the technical ground of improper service of notice without the Short Certificate. It is essential, therefore, that Section 77 should be suitably amended so as to expressly provide that ordinary letters delivered to the claims office in a normal manner should be treated as valid notice of claims.

In addition to the above measures an all-out drive to improve the efficiency of the claims offices should be made and the delay occurring at every stage should be minimised. In these various ways it would be possible to ensure quickness in the disposal of claims.

With regard to the question of thefts and pilferages, the efforts of the Railways should be concentrated on preventing them. Although it cannot be denied that organised thefts do occur on the Railways, it would appear that the figures of such thefts are exaggerated. 'Running train thefts' and 'pilferage in transit' are the most common grounds on which the Railway administrations repudiate the claims. In a majority of cases, however, they have not been able to prove that the loss had occurred due to organised thefts. This would be evident from the figures given above of the number of suits settled out of Court. Although in the first instance a claim is repudiated on the ground of organised theft, when a suit is filed, the Railways not being in a position to establish evidence for the ground of rejection, invariably prefer to settle the suit out of Court. It is, therefore, necessary to amend the provisions of law which at present enable the Railways to plead organised thefts as a defence to a suit for claim. This question is discussed later. In addition, as stated before, the Railway administrations should improve the efficiency of their Watch and Ward staff and make a more effective use of the Railway Police. That

this is not being done is evident from the report submitted to the Railway Corruption Enquiry Committee by the Government Intelligence Bureau. According to the Report "We are not satisfied that besides using the Railway Protection Police for escorting trains and patrolling yards any real effort has been made to go deeply into the causes of crime and to devise suitable remedies except in a few small sections .....there are other spheres in which the disease would have responded to external treatment by the police. But this treatment has not been forthcoming both due to lack of proper study and appreciation of the problem and due to certain organic defects in the Railway Police Organisation which have seriously handicapped the work of control of crime".

The Committee of the Federation would suggest that the various recommendations of the Railway Corruption Enquiry Committee with regard to the prevention of crime should be implemented forthwith. It would also help crime detection and prevention if copies of all Police Reports and other messages sent by the Railway staff are immediately sent to the consignor so that he can also make enquiries of his own. The Committee may emphasise here the need to improve the fitness of wagons and to provide adequate goods shed facilities.

Q : 7. Before 1949 the Railways' liability in respect of defectively packed goods was governed by the Risk Note Form 'A' which provided that in case where the consignment tendered for carriage was in a bad condition and was liable to damage, leakage or wastage in transit, the Railway Administration was exempted from liability for loss arising from the condition in which the goods were tendered except upon proof of misconduct on the part of Railway Administration. Similarly the Railways' liability for goods carried or deemed to be carried at owners' risk rates was governed by the Risk Note Form 'B' under which the liability for any loss, deterioration or damage to the goods booked at owners' risk arose only if misconduct could be proved.

Under the new Section 74-A and 74-C introduced by the Indian Railways (Amendment) Act of 1949 even if negligence on the part of the Railway Administration is proved they would be liable in respect of the above two categories of goods. The benefit which the trading public could have derived from these new provisions has, however, not accrued as a result of certain other changes in the law.

Both these Sections have to be viewed in relation to Section 72 which provides for the responsibility of Railways as carriers of goods. It should be noted that under that Section the contract of carriage has been considered to be a contract of bailment so that the liability of the Railways is only that of a bailee. Section 74-A and 74-C which cover cases of defectively packed goods and goods booked at owners' risk respectively, are meant to further reduce the liability of the Railways in respect of these two categories of goods. In the case of goods booked at owners' risk the position now is as follows. The Railways are not liable except on proof of negligence or misconduct. It should be noted that if the goods are booked at railway risk the liability



of the Railways arises only if negligence or lack of ordinary care in handling the goods is shown. But whereas in the case of R.R. the burden of proof that the requisite amount of care was taken is on the Railways, in the case of O.R. the burden lies on the consignor. Thus, whereas before 1949 there was a substantial difference between the liability of the Railways for goods booked at owners' risk and that for goods booked at railway risk, this difference has been narrowed down to the mere question of burden of proof by the Act of 1949. With regard to the defectively packed goods, the Act of 1949 while extending the liability to cover the cases of negligence also provides that defectively packed goods would include goods not packed in accordance with Rule 20 of the Goods Tariff which prescribes packing conditions. Some of these packing conditions are stiff and impose a heavy burden on the consignor. Thus, the overall effect of the Act of 1949 could not be said to have benefited the trading public substantially. Besides, the amount of benefit accruing to the public would depend very much upon the interpretation of the term 'negligence' which if narrowly interpreted would involve no significant change in the Law.

Q: 8 to 13. The present practice of quoting railway risk and owners' risk rates only in a few cases has no justification in principle. It should be noted that of the nearly 8,500 commodities included in the general classification of goods only about 750 commodities have been given owners' risk rates. Besides, the difference between the two rates varies widely from commodity to commodity. In the case of aluminium ware, N. O. C., for instance, the difference is about 6% whereas in the case of sulphuric acid it is as high as 21%. Sometimes there is a variation in the difference even for related commodities. For example imported spirits, wines, and cordials when packed in bottles or jars are classified at 14 R. R. and 12 O. R., the difference between the two rates being 21%. But imported spirits, wines and cordials when not packed in bottles or jars are classified at 12 R. R. and 10 O. R.—a difference of 12% in the two rates. It is significant to note that the rate for spirits, wines and cordials when not packed in bottles or jars is much lower when booked at railway risk than at owners' risk. Further indigenous spirits etc., are classified at 11 R. R. and 9 O. R., i. e., a difference of 13% between the two rates. These variations as between related commodities are not justifiable by any principle of rating. The point is that it is not enough to quote a lower rate for traffic booked at owners' risk. Attempt should also be made to see to it that the proportionate difference between the two rates does not vary widely from commodity to commodity and bears some relation to the difference in the risk.

It has already been stated above that the responsibility of the Railways is limited even for goods booked at railway risk. By quoting a lower owners' risk rate they seek to further reduce their liability. The railways' liability as carriers of goods should in fact be that of common carriers. If this is accepted in principle it would be appropriate to keep the level of railway risk rates as it is now and quote owners' risk rates for all commodities so as to give option to the trader to resort to private insurance if he so thinks fit. In that case the difference between

the two rates can appropriately be related to the actual risk undertaken by the Railways. Otherwise the existing difference between the two rates is too wide and ought to be narrowed down by lowering the railway risk rates.

Q: 14. The Committee have no comments to offer on this question.

Q: 15 & 16. The Committee would suggest that the existing packing conditions which in some cases are stiff and involve undue costs to the users should be revised. The question of improving the standard of packing over a period of time is important from the point of increasing the marketability of our goods. It is suggested that packing conditions should be prescribed after due consultation with the respective trade associations concerned and in so doing the normal trade practices and the cost of packing should be taken note of.

Q: 17. The Committee of the Federation have been informed that lack of storage facilities for goods prior to despatch and after delivery results in seasonal congestion of traffic at certain stations and causes considerable inconvenience and hardship both to the Railway Administrations as well as the traders. They would, therefore, suggest that the various trade associations be consulted for formulating schemes of warehouses especially for agricultural produce. One such scheme has been prepared by the Indian Produce Association, Calcutta. Under it the Government Food Depot at Cossipore should be given to the Association on a long-term lease for use as godown for warehousing grains and oilseeds. This would relieve the congestion of traffic and at the same time fulfil a long felt need of a mandi for the marketing of agricultural produce. The Committee of the Federation understand that the details of the scheme have been forwarded to your Committee by the Indian Produce Association, Calcutta. They would recommend that this and similar other schemes should be actively supported by the Railway authorities.

Q: 18 & 20. The Committee of the Federation do not favour the continuance of Section 72 of the Indian Railways Act, 1890 which limits the liability of the Railway Administration for loss, destruction or deterioration of animals or goods to that of a bailee. It is an accepted principle in other countries that Railways should be treated as common carriers. Under the Carriers Act, 1865 every common carrier is liable for loss, damage or non-delivery of goods entrusted to him for carriage and it is not necessary for the plaintiff to prove that such a loss, damage or non-delivery was on account of the negligence of the carrier. It should be noted that the liability of the common carrier is made very nearly absolute whereas the liability of a bailee is extremely limited. When the traders entrust their goods to the Railways for carriage the goods are at the mercy of the Railways and their staff and it is but appropriate that the Railways should be held responsible for the safe carriage of goods. The trend of legislation in this country has been towards extending the liability of the Railways gradually. It is suggested that a fundamental revision in the Law relating to the responsibility of the Railways is now overdue. The Railway Corruption Enquiry Committee have also recommended, on the suggestion of the

Committee of the Federation, that the responsibility of the Railways should not be that of a mere bailee but partly also of an insurer. If the Railways are made the insurers of the goods which they carry it would also provide the much needed incentive for them to put their house in order and improve the conditions of carriage. The Railways should be made to undertake the responsibility for all the ordinary risks of damage to the consignments. Besides, they should be absolutely liable for the non-delivery of the goods. To act as a check to delays the contract of carriage should imply a condition of delivery within a specified period of time. The Railways should be held liable for the delay in delivery beyond the specified time.

It was stated earlier that at present the Railways tend to avoid responsibility by pleading extraneous causes such as organized thefts. The Railways should insure against the occurrence of thefts and pilferages. In the absence of reasonable precaution they should be held liable for the loss of goods. In fact, the "Insurance" afforded by the railway risk rates should be comprehensive. Besides in view of the fact that 'running train theft' has been interpreted very widely to cover cases of thefts either when the train is actually running or when the train is stopping at any Railway station or in between stations, a set of standard rules giving illustrations should be incorporated in the proposed new provisions of law so as to define the liability of Railways specifically by statute.

If the liability of railways is extended, it does not follow that the claims bill will necessarily go up. In course of time, with stringent supervision, mechanised equipment for transshipment, better packing and general improvement in efficiency, it should be possible for the railways to keep the claims bill to a very low figure. Indeed it has been argued here that an incentive to do these things will be provided by the extension of the liability of the railways.

### PART III

Q: 1, 2, 3, 11, & 12. The jurisdiction and functions of the Railway Rates Tribunal are defined by Sections 41 and 42 of the Indian Railways Act. Section 41 pertains to public complaints against a Railway administration. Under this Section complaints that can be referred to the Tribunal are that a Railway administration (a) is giving undue or unreasonable preference or advantage in favour of any particular person or a particular description of traffic or is subjecting any particular person or class of traffic to undue or unreasonable prejudice, or (b) is charging station-to-station or wagon-load rates which are unreasonable or (c) is charging rates which are unreasonable owing to a condition attached to them regarding minimum weight, packing, assumption of risk or any other matter or (d) is levying charges *other than standardised terminal charges* which are unreasonable, or (e) is unreasonably refusing to quote a new station-to-station rate, or (f) has unreasonably placed a commodity in a higher class. It should be noted that these provisions cover almost all the charges levied by the Railways except the terminal charges. Section 42 relates to the powers of the Central Government to alter the rates

or reclassify commodities. Under this Section if the Central Government desires to reclassify any commodity in a higher class, it must apply to the Tribunal and the Tribunal alone has the power to reclassify any commodity in a higher class. The Central Government, however, have the power to increase or reduce the overall level of class rates, schedule rates, or terminal and other charges. They can also classify any commodity which has not been classified before. Both the Central Government as well as the Tribunal have power to reclassify any commodity in a lower class. Under these provisions if the Central Government want to raise revenue from traffic, they cannot do so by raising rates on particular commodities. The only way in which they can increase the revenue is by increasing the level of class rates so that all the commodities in a particular class would bear a higher rate.

There are two major respects in which the existing jurisdiction of the Railway Rates Tribunal is circumscribed by the Indian Railways Act. Firstly the Tribunal has no power to consider the unreasonableness of the standardised terminal charges. Before 1948 each railway administration could charge reasonable terminals on the basis of the expenditure reasonably necessary to provide the terminal facilities for which the charge was levied. But after the revision of the classification in 1948 the terminal charges were standardised and were made universally applicable to all the Indian Railways. It has been argued by the Railway Board that because the terminal charges were standardised no useful purpose would be served by placing them within the scope of the Railway Rates Tribunal. It is, however, difficult to see why standardised terminal charges should not be within the jurisdiction of the Tribunal when the standard telescopic class rates (which are also standardised charges) have been rightly covered by Section 41 which defines the nature of complaints that can be referred to the Tribunal. The terminal and other charges generally form a small proportion of the total freight charges. But in the case of transport of bulky raw materials over short distances, these charges constitute by far a major proportion of the total freight. It would seem that in the case of freight rates on raw materials the Railway Rates Tribunal can give hardly any relief as the conveyance charge which is placed within the scope of the Tribunal forms only a small percentage of the total charges. It is necessary, therefore, to extend the jurisdiction of the Railway Rates Tribunal so as to cover cases of hardship created by the heavy incidence of terminal charges. The Tribunal should have the power to reduce the terminal and other charges or exempt a commodity from such charges in appropriate cases.

Another restriction on the jurisdiction of the Tribunal arises from the fact that while it can entertain complaints of unreasonableness of the various charges it cannot go into the broader question of the reasonableness of the freight structure as a whole *vis-à-vis* the development of the economy. It cannot, for instance, initiate investigations in regard to freight rates. Nor can it apply the more general criterion of the needs of development when recommending revisions in the existing rates.

In other words the restricted outlook of the Tribunal, as at present constituted, is due to its purely judicial character. It is true that there is a need for a judicial body to investigate cases of unreasonable freight rates and do justice as between the railway administration and the individual user of Railways. But there is also a need, which has become even more urgent at present in view of the rapid development of the economy which is proposed in the Second Five-Year Plan, for a body with wider terms of reference and which can make recommendations regarding appropriate revisions in freight rates from time to time. It is a matter to be decided on the basis of practical convenience whether both these functions—judicial and advisory—should be performed by the same body. If, however, the functions of the Railway Rates Tribunal cannot be expanded, it is suggested that an entirely new Committee may be constituted with representatives of trade and industry which can from time to time make recommendations regarding revisions in freight rates.

The Committee of the Federation suggest that (a) the Railway Rates Tribunal as at present constituted should be empowered to entertain complaints relating to standardised terminal charges ; (b) the Central Government should not have the power to increase the level of class rates, schedule rates and other charges without prior reference to the Tribunal as in the case of reclassification of any commodity in a higher class ; and (c) either the Railway Rates Tribunal should be given the additional functions of initiating investigations in regard to freight rates and make recommendations from the broader point of view of the needs of development, or an entirely new committee should be constituted to make such recommendations.

The existence of a judicial Tribunal and another independent non-judicial body will not conflict with the ultimate power of control over the budget prescribed by the Parliament. The Railways, as a National undertaking cannot be absolved of the responsibility of quoting rates which do not cause hardship to the trade and industry. Further, it is their duty to adapt the freight structure to the needs of a developmental economy. Whereas they would be justified in raising sufficient revenue to cover their expenses and provide for depreciation, it is doubtful whether they should raise their tariff rates with a view to contributing to the general revenues. The existence of independent bodies like the Tribunal and the proposed Advisory Committee would ensure that Government do not rely on the profits of Railways for meeting their general expenditures.

Q: 4. The rules of procedure adopted by the Railway Rates Tribunal aim at effective and impartial investigation into the cases coming before it. It has, however, not been recognised that although the Tribunal is a judicial body it is not an ordinary

Court of Law. The justification for constituting a separate Tribunal lies precisely in the fact that such a Tribunal can dispose of matters more informally and with greater speed and economy than the ordinary Courts of Law. The Committee of the Federation are concerned to find that the rules of procedure are too formal. Pleadings, replies and interrogations can be conveniently reduced to more informal methods of ascertaining the points of view of parties. Besides, Rule 51 provides that the provisions of the Indian Evidence Act, 1872 shall generally be applicable to the proceedings before the Tribunal. Although the Tribunal has discretion to relax any of the provisions of the Evidence Act, in most cases the formal rules governing the manner in which the evidence is given are observed. It would be better if the proceedings were made less formal.

Q: 5 to 7. The delays in obtaining decisions from the tribunal and the high cost of the cases are both related to the formality of the proceedings. If the rules of procedure are simplified it would go a long way towards speeding up the course of justice. The Committee are informed that the high costs to the parties, which sometimes amount to about Rs. 30,000 per case, arise because the Railways normally engage competent lawyers thereby compelling the plaintiffs also to employ the services of expensive lawyers.

Q: 8 & 9. Under Section 34 of the Indian Railways Act the Tribunal consists of a President and two other members appointed by the Central Government. The members of the Tribunal must be or have been judges of a High Court. Since the Tribunal is a judicial body it is appropriate that judicial qualifications should be prescribed for membership of the Tribunal. It is suggested that the number of members should be increased so as to facilitate the Tribunal holding sittings in other major cities such as Bombay, Calcutta, Delhi and Hyderabad. This would encourage the widest possible use of the Tribunal by the public.

Q: 10. The system of associating Assessors from Railways on the one hand and trade, industry and agriculture on the other is a useful and desirable method of making available to the Tribunal the experience, knowledge and the viewpoint of the interests concerned. In the formation of the Panels of Assessors, however, the representative organisations of trade and industry on the one hand and agriculture on the other hand should be given greater discretion than at present. The Committee of the Federation have been associated with the formation of the Trade and industry Panel. They would, however, like to reiterate their standpoint that the selection made by the Committee of the Federation should be treated as final. There is no need for the Railways to reserve the right of final selection. The question after all is that of forming a panel and the selection of Assessors for particular cases should be left, as it is now, to the Tribunal.

# Punjab & Delhi Chamber of Commerce, New Delhi

## GENERAL.

I am directed to suggest the following on behalf of the Punjab & Delhi Chamber of Commerce:

(1) The present freight on agricultural tractors should be suitably modified to be in line with the rate on other types of machinery.

(2) (a) The freight for liquid caustic soda should be brought on par with that for caustic soda in solid form; (b) the rate for rock phosphate should be lowered; and (c) special low rates should be quoted for hydrochloric acid between Delhi and Kanpur and Delhi and Amritsar.

(3) According to the freight rules in force, soft coke is permitted to be loaded in wagons up to one ton below its capacity in covered wagons, and up to two tons below capacity in open wagons. Freight is charged on the capacity of the wagon as thus determined. In actual practice, it is not possible to load wagons with this much of soft coke. In result, the agent suffers a two-fold loss:

(i) he has to pay the colliery on the rate given in the R/R which is more than the actual quantity of the coal loaded in the wagon, and

(ii) he pays freight for coal which in fact is never transported. The suggestion is that soft (hard) coke should be allowed loading only up to four tons below the wagon's capacity.

(4) The distance separating the coal-fields and the coal consumers in the North-Western parts of the country is comparatively greater with the result that the present rates for coal affect them adversely. It is felt that telescopic rates (on which railway fares are determined for passengers) should also apply in respect of coal.

(5) The present practice of entering an estimated weight (instead of the actual) in the case of certain commodities works to the detriment of the trade because in case of shortages occurring during transit, the Railways accept no responsibility. The practice, therefore, should be discontinued.

(6) In all cases, where the consignees give sufficient notice of the expected arrival of their consignments which cannot be unloaded by hand, and delays occur in unloading because the Railways cannot provide cranes immediately on the arrival of the goods, demurrage should not be levied.

2. Items (1) to (5) are explained below in some detail in this letter. In regard to item (6), the Railways, it is true, are not legally responsible for the provision of cranes. Nevertheless, it is also obvious that the consignees cannot arrange for them and have to depend upon the administration for the unloading of heavy consignments. The Chamber Committee therefore, suggest that demurrage should not be charged in the

case of heavy consignments if unloading is delayed only because the administration cannot provide cranes.

3. The Chamber Committee also wish to draw your attention to the difference in freight rates between wheat and gram on the one hand and wheat and gram flour on the other. The Committee suggest that the freight for flour should be lowered at least to the same level as that for wheat and gram, unground.

### *(1). Freight on Agricultural Tractors.*

"The rate of railway freight on Agricultural Tractor Parts is very high as compared with the rates chargeable on other machinery parts. To give an instance the railway freight per maund by goods train on Agricultural Tractor Parts from C.C.B. to New Delhi is Rs. 5/1/- whereas on almost all types of machinery parts the rate chargeable is only Rs. 2/11/4. There does not appear to be any justification for such a high rate on Tractor Parts when it is Government's declared policy to help the Grow More Food Campaign by providing measures which would keep maintenance cost of Agricultural Tractors at a low level. It would be interesting to note in this connection that no customs duty or even terminal tax is leviable on Agricultural Tractor Parts. It is, therefore, desirable that the Railway Freight on Agricultural Tractor Parts is suitably modified to be in line with the rate on other type of machinery parts."

### *(2) (a). Freight rates on Liquid Caustic Soda.*

"We are at present producing 14 tons of caustic soda per day and have plans to increase our production to 20 tons per day in the very near future.

In the process of manufacture of caustic soda, caustic lye or liquid caustic soda is obtained as a first step and again in actual use the product is used as a lye in most of the consuming industries. In case we convert the lye into solid caustic soda a considerable amount of fuel is to be used and again in packing solid caustic soda, new steel drums are to be used. This increases the cost very considerably. To save the fuel and the steel used in packing solid caustic soda and the cost of converting liquid caustic soda into solid, it is economical as well as in the national interest to market caustic soda in liquid form.

We are thus trying to market maximum quantity in the liquid form. We are however, handicapped in doing so because of the exorbitant freight rates on liquid caustic soda as compared to solid. According to I.R.C.A. Goods Tariff No. 27, caustic soda in wagon load, is classified under WL/B while liquid caustic soda is under Class 3. You will, therefore, observe that the freight on

solid caustic soda is being charged under a much lower classification.

Besides the above, liquid caustic soda is generally marketed in 50 per cent. strength so that the actual effective freight rates on 100% basis are double the charged rates. We furnish herewith a statement for actual freight per maund worked out on solid and liquid caustic soda on distances 100-900 miles.

Thus you will see that the freight on imported caustic soda to inland towns is competitive with the freight payable by us on liquid caustic soda for smaller distances and as a result there is a keen competition between the imported and the indigenous material. To sell in this competitive market we have to sell at rates which are much below our economical realisations.

We would therefore request you to kindly put liquid caustic soda in a classification where the net rate would be half of solid caustic soda so that the net rate of transportation in terms of 100% material is the same.

We may submit that unless this disparity between rates of solid and liquid variety is removed, it will not be possible for the indigenous manufacturers to sell caustic soda at rates competitive with the imported material and further expansion of this important industry will be difficult.

We, therefore, hope that you will look into the matter and take a sympathetic view of our request and help expansion of this industry. Should it however, be not possible for you to accede to our request of changing the classification of liquid caustic soda we would request you to kindly grant station to station rates on liquid caustic soda for despatches from Delhi Kishanganj to Jagadhari, Saharanpur, Kanpur and Nepanagar, so that the incidence of railway freight on liquid caustic soda when calculated on 100% is not more than freight on solid caustic soda.

The rates for these four destination areas are under :—

Station.	Distance in miles from Delhi.	Railway Freight.		Ft. on liq. caustic soda calculated on 100% basis.	Proposed rates per Maund on 50% liquid caustic soda so that the rates are in level with solid caustic soda.
		Solid caustic soda.	50% liquid caustic soda in tank wagon.		
(1)	(2)	(3)	(4)	(5)	(6)
		Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Saharanpur	115	0 5 5	0 7 2	0 14 4	0 2 8
Jagadhari	133	0 5 11	0 8 2	1 0 4	0 2 11
Kanpur	273	0 9 8	0 15 7	1 15 2	0 4 10
Nepanagar	655	1 1 11	2 0 6	4 1 0	0 9 10

We hope you will accede to our reasonable request and fix the rates for these stations as in column 6 above so that the incidence of freight on liquid caustic soda is brought down to the level of freight on solid caustic soda.

*Freight Rates of liquid Caustic Soda vs. Solid Caustic Soda (vide I. R. C. A. Goods Tariff).*

FORM.	CLASSIFICATION.	RATE PER MAUND.
(1)	(2)	(3)
Solid Caustic Soda in wagon-loads.	WL/B (RR).	0.48 pie per mile for the first 100 miles. 0.32 pie per mile for the next 300 miles. 0.23 pie per mile for distance beyond.
Liquid Caustic Soda.	Class 3 in tank wagon (OR).	0.64 pie per mile for the first 300 miles. 0.54 pie per mile for the next 300 miles. 0.42 pie per mile for distance beyond.



*Calculated freight rates on Liquid Caustic Soda vs. Solid Caustic Soda.*

Distance in miles.	A		B			Ratio of B : A.
	Classification. (Solid)	Freight per maund.	Classification. (Liquid)	Freight per maund on 50% basis.	Freight per maund on 100% basis.	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Rs. a. p.		Rs. a. p.	Rs. a. p.	
100	WL/B	0 5 10	3 OR	0 5 4	0 10 8	1 : 83
200	"	0 7 8	"	0 10 8	1 5 4	2 : 78
300	"	0 10 4	"	1 0 0	2 0 0	3 : 10
400	"	0 13 0	"	1 4 6	2 9 0	3 : 16
500	"	0 14 11	"	1 9 0	3 2 0	3 : 41
600	"	1 0 10	"	1 13 6	3 11 0	3 : 50
700	"	1 2 9	"	2 1 0	4 2 0	3 : 52
800	"	1 4 8	"	2 4 6	4 9 0	3 : 53
900	"	1 6 7	"	2 8 0	5 0 0	3 : 54

2. (b) *Special rate for Rock Phosphate.*

"We are manufacturing superphosphate for which Rock Phosphate and Sulphur are imported. Heavy freight is paid on the movement of Rock Phosphate ex Bombay to Delhi under the normal rates. This high rate of Rock Phosphate is standing in our way in the development of superphosphate fertilizers in our zones. In the case of other manufacturers, the disadvantage of freight is not so much, as their factories are generally situated at ports or at shorter distances from the ports.

We may mention here that the special rate for super phosphate was granted to us but was withdrawn later on due to some reasons unknown to us.

We may give below the reasons in justification for the grant of special rate for Rock Phosphate, which will reduce the sale price of finished product and thus result in more consumption.

1. *Price of Raw Materials:* The C.I.F. price of Rock Phosphate is generally Rs. 116/- per ton and the freight per ton at its classification WL/B from Bombay to Delhi is Rs. 35/3/- per ton, so that the incidence of freight on C.I.F. cost is 31.25% which is a very high figure.

2. *Selling Rates of superphosphate:*—We have recently supplied superphosphate to D.G.S. & D., New Delhi and the Director of Agriculture, Madhya Pradesh, when the rates by different manufacturers were quoted as under :—

*RATES PER TON (packed)*

	D.G.S. & D. New Delhi.	Director of Agriculture M.P.	F.O.R.
(i) Hyderabad Chem. Secunderabad	195/-	195/-	Bellampalli.
(ii) Phosphate Co., Calcutta	200/-	—	Serampur.
(iii) Dharmasi Morarji, Bombay.	135/-	173/-	Ambarnath.
(iv) Anil Starch Products, Ahmedabad.	195/-	—	Asarva.
(v) D.C.M. Chemical Works.	185/-	154/-	Delhi.
(vi) Alembic Chemical Works.	—	180/-	Baroda.

From the above rates it would be noticed that most of the firms near the ports are selling superphosphate at a higher rates than us. In order that we may sell superphosphate we have to reduce our rates to levels which made the industry unprofitable especially when we have borne such heavy charges by extra freight.

The response of superphosphate to various crops in our zone being not so pronounced as it is in the South, we have to reduce our prices considerably to create demand for this fertilizer.

3. *Fixation of prices.*

Now, the prices of superphosphate are not fixed by Tariff Board as was being done



when superphosphate pool was in existence. The manufacturers have to market the superphosphate according to their own rates. To compete with the manufacturing

concerns which are mostly situated at port towns, we have to offer our fertilizers at cheaper rates and thus undergo heavy losses in many instances.

#### 4. Effect of freight on price of superphosphate :

##### I. Imported raw material required per ton of superphosphate.

	Quantity required.	CIF price per ton.	Rly. ft. Ex-Bombay-Calcutta to Delhi.	Incidence of ft. of raw material on CIF cost.	Selling price super. for Delhi.	Incidence of ft. on selling price of super.
		Rs.	Rs.		Rs.	
(a) Rock phosphate	0.490	110/-	36.17	31.97%	154/-	11.18%
(b) Sulphur	0.105	220/-	46.38	21.08%	—	3.16%
Total incidence of ft. of raw material						14.34%

##### II. Finished superphosphate :

Average distance for despatch of superphosphate ... 305 miles.

Price of superphosphate ex-Factory ... Rs. 154/-.

Rly. ft. of superphosphate per ton ... Rs. 17.29.

Incidence of ft. on ex-Factory price of finished product ... 11.23%.

III. Total incidence of ft. on the price of superphosphate (Raw Material Plus finished product). 14.34 Plus 11.23 = 25.57%.

It will be seen from this that the consumer i.e. cultivator has to pay over one-fourth of the cost of material in the form of Railway Freight alone which is an exceedingly high figure.

##### 5. Production of superphosphate.

We have manufactured 4965 tons superphosphate during 1953 and 10,890 tons during 1954. We are expecting a total movement of approx. 12,000 tons during 1955 from our factory to various States. For the manufacture of this quantity we will require about 6,000 tons of Rock Phosphate during 1955 and 8,000 tons during 1956. Thus there will be sufficient annual traffic of Rock Phosphate for our requirement. These requirements may increase still further during the next few years as would be evident from the target of 7.20 lakh tons superphosphate consumption in India by 1961, as fixed by the Planning Commission.

The estimates for our zone have been put as 127,500 tons during 1961 and the Rock Phosphate requirement for this quantity will be about 63,750 tons.

We hope in view of what we have explained, you will kindly reconsider the case and would agree to grant a special rate for the movement of Rock Phosphate which was once granted to us but withdrawn later on."

##### 2. (c) Revision of Railway freight rates of Hydrochloric Acid ex. Delhi to Kanpur and Amritsar.

"There is a great scarcity of sulphuric acid in India, as we entirely depend for this on imported sulphur which is not available in sufficient quantities due to world shortage of sulphur. The result is that the development of industries utilising sulphuric acid like Textile, Metals, Distilleries, Gluc etc., is being affected. Sulphuric Acid in most of these industries can be replaced with advantage by Hydrochloric Acid which is available very cheap from the electrolytic caustic soda factories consuming India raw material—common salt. In Northern India, we are the biggest manufacturers of synthetic Hydrochloric Acid and there is great scope of marketing this acid in Kanpur and Amritsar where it can replace the use of sulphuric acid. But the main handicap in our marketing this acid is present freight structure in the Railways, due to which the transport cost is very excessive. We give below the present transport cost per ton of Hydrochloric Acid ex Delhi to Kanpur and Amritsar :—

Distance Miles.	OUTWARD.			INWARD EMPHIES.			Total per ton.
	Class.	Rate per maund.	Amount per ton.	Class.	Rate per maund.	Amount per ton.	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		Rs. a. p.	Rs. a. p.		Rs. a. p.	Rs. a. p.	Rs. a. p.
DELHI—KANPUR 273	XV	3 1 5	118 4 4	XII	1 10 8	18 4 8	136 9 0
DELHI—AMRITSAR 280	XV	3 2 7	121 1 0	XII	1 11 3	18 11 3	139 12 2

Gross weight for 1 ton of hydrochloric acid in rubber drums — 3,140 lbs.

If we take up the prices of hydrochloric acid as low as Re. -1/- per lb. i.e. Rs. 140/- per ton F.O.R. Delhi, the delivered cost works out to Rs. 276/9/- per ton F.O.R. Kanpur and Rs. 279/12/2 per ton F.O.R. Amritsar. This acid is to replace sulphuric acid and for every ton of sulphuric acid 2.2 tons of Hydrochloric acid is required and so it corresponds to Rs. 608/7/- per ton of sulphuric Acid F.O.R. Kanpur and Rs. 615/7/7 per ton F.O.R. Amritsar. The normal selling rates of sulphuric acid at these places remains bet-

ween Rs. 380/- to 400/- per ton and as such it cannot be used. Therefore, we request you to revise the railway freight as such that its landed cost may work out comparative to sulphuric acid and for this purpose we suggest that hydrochloric acid may be classified in Class I and empties in Class II. We have proposed for the empties in Class II as all other empties except rubber drums are at present classified in Class II. On the basis of the proposed rates the transport cost works out as :—

Distance Miles.	OUTWARD.			INWARD.			Total per ton.
	Class.	Rate per maund.	Amount per ton.	Class.	Rate per maund.	Amount per ton.	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		Rs. A. P.	Rs. A. P.		Rs. A. P.	Rs. A. P.	Rs. A. P.
DELHI—KANPUR 273	I	0 12 6	29 14 7	II	0 13 8	9 6 0	39 4 8
DELHI—AMRITSAR 280	I	0 12 6	30 11 5	II	0 14 0	9 9 8	40 5 1

The total cost of hydrochloric acid will be Rs. 170/4/8 per ton F.O.R. Kanpur and Rs. 180/5/1 per ton F.O.R. Amritsar and it will be equivalent to Rs. 394/7/1 and Rs. 396/11/2 for Sulphuric Acid."

### (3) Soft Coke and Wagon Capacity.

"The capacity of an average Railway wagon is about 22 tons. According to the freight rules in force, pertaining to Soft Coke, consignees are allowed to load a covered wagon upto one ton below the capacity and an open wagon upto two tons below the capacity of 22 tons.

Before the war, however, a covered wagon could be loaded with soft coke upto four tons below its capacity and an open wagon upto two tons below its capacity. The present practice was adopted during the war as an emergency measure and to overcome the shortage of wagons upto a certain extent. Actually, however, the basis of loading soft coke before the war is the correct one because a covered wagon cannot possibly contain the quantity which it is now required to contain with the result that huge shortages have been found on arrival of the covered wagons at the destination stations.

Similarly in the case of open wagons the required quantity cannot be loaded within the height of the wagon and to make up the quantity, huge quantity is piled up even above the frame of the open wagon. When the wagon moves the portion above the height of the wagon falls away, and when the coal arrives at the destination it records quite a good deal of shortage.

The same remarks apply to hard coke also.

As a result of this somewhat irrational basis of determining capacity of the wagon in loading soft coke and hard coke the coal

trading community is suffering because it is not only enhancing the cost of soft coke, but is also causing unnecessary losses to them.

In any case there is absolutely no emergency now and there is no reason as to why the business community should be called upon to pay on account of freight for the quantities which the wagons are unable to transport or contain. Fairplay and interests of the whole community demand an immediate reversion of the present freight rules relating to soft coke and hard coke to the old basis."

(4) *Freight and distance* : "The basis on which the railway fares are determined for passengers, namely lower rate for longer distances, and higher rates for shorter distances, should also apply to the calculation of Railway freight for coal. As it is, industry and other coal consumers in the Northern parts of India, which are comparatively more distant from the Coal fields, have to pay an unreasonably higher freight on coal which adds to the cost of production on one hand and results into a higher price for the general public on the other. It is imperative and urgent for an equalitarian development of different regions of the country that the principle of passenger fares should be extended to the freight of coal."

### (5) *Estimated Weight & Railway Freight* :

"The present practice is that Railway Authorities enter an estimated weight of the commodity in the registry, which they do not guarantee. Thus if the consignee finds some loss in the commodity on its reaching its destination, he cannot claim for that because Railways explain away the whole thing by merely pointing out that the weight of the commodity booked was only an estimated one.

This is obviously to the detriment of the consignees. They sell the wagon loads on the

so-called estimated weight entered into the registry. Now if the weight is less, and this happens not unoften, the dealer pays less thus causing undue loss to the consignors. This is not a sound practice from the Railways interests also because it can happen that the actual weight of the booked commodity is more than the estimated one.

There is absolutely no reason as to why the Railways should not guarantee transport upto destination of the weight on which they

charge the railway freight and why should they disclaim any liability when the necessary claims are put in by simply saying that the weights recorded in the Railway Receipts are merely estimated weights. This statement is also very ambiguous when it is taken into account that generally the railway wagons are weighed at the railway weigh bridges before they are despatched and the weight recorded on the weigh bridges is entered in the railway receipts for the purposes of calculating railway freights".

## MADRAS

### The Southern India Chamber of Commerce,

Madras.

#### GENERAL

Before the freights were revised in 1948 the business community were not given any opportunity to express their view point and the revision mainly aimed at simplification of the previous rate structure. While it removed some anomalies and difficulties it brought within its wake fresh difficulties. Number of classes were reduced, station-to-station rates were abolished, the cumulative effect of which was a general increase in freight charges.

Since 1948 momentous changes have taken place. Very many industries have been started while the existing industries are expanded or sought to be expanded. In the absence of regionalisation of industries goods have to be carried over long distances, and unless the freight is so framed as to ensure distribution at equitable cost there will be plenty in some areas and scarcity in some other areas. In a vast country like India certain regions will be particularly suited for the growth of certain commodities while other parts will have to depend upon these commodities. With the tempo of industrialisation and with the accent on agricultural production, it is expected that there will be surpluses of some commodities for export. Government of India is on an export drive and all incentives must be given for promotion of export trade. Railways can play a vital role in helping export drive and the freight policy should be conceived on those lines also.

The Chamber, therefore, appreciates that Government have appointed the Railway Freight Structure Enquiry Committee at the most opportune time when the country is embarking on ambitious programmes of industrial activities and agricultural production. But in framing a new freight structure policy the Chamber would like very much to impress upon you the need to keep in view the foregoing facts also. Railways are the biggest national asset and a public utility concern like Railways should not aim only at making profits. While its financial stability should be ensured the freight should be so framed as to help movement of commodities from places of production to places of consumption at

economic rates. Transport charges should not be unduly high.

The Chamber is glad that some important questions like rates for train loads, freight pool, warehousing facilities etc., have been raised in the questionnaire. The Chamber has offered its views on those questions and in framing the new policies the Chamber hopes that the views expressed by the Commercial Community will be duly considered.

It should be one of the objectives of the Railway Freight Structure Enquiry Committee to examine the freight structure with a view to promote developmental activities help promote export trade also and increase the utility of the service to the public. While the Railways should ensure its financial stability it should help developmental activities also. New lines may prove unremunerative in the initial years of its working but may ultimately be found to be very beneficial but to introduce penal charges in the initial periods is not at all advisable. There is also a suggestion whether freight should be flexible. The Chamber is opposed to this idea. To introduce an element of uncertainty will tend to violate sanctity of contracts and may be ultimately injurious to movement of commodities both for internal distribution as well as for export trade. The Chamber welcomes the idea of providing warehousing facilities as provided in the questionnaire. Government is already seized of this question but by its very nature it is bound to take a long time. There are other immediate requirements like covered platforms for storage of goods also but by and large the provision of warehousing facilities is bound to have salutary good results upon prices especially of agricultural commodities.

There is however a feeling that the working expenses of the administration have been mounting up. Though this question is not now covered by the questionnaire the Chamber feels that it will not be out of place if the Committee gives some thought to it in suggesting the future freight policy.

The Chamber requests that in framing the future freight structure the suggestions made above may be kept in view.

## PART I-A

Q: 1(a) The revision of the Railway Freight Structure in 1948, though it removed certain anomalies and difficulties in the previous classification of goods, has brought in its wake fresh difficulties. Under the 1948 revision the number of classes were reduced from 16 to 15. It has also made a re-classification of commodities the effect of which has been the general upgrading of most of the commodities. Further many of the schedule and station to station rates, which were in force previously, were abolished. The result of all these changes was a general increase in freight charges.

It has affected the growth of certain industries like tiles as the revision has resulted in considerable increase of freight. According to the revision in 1948 the rates were as follows:—

1—150 miles	'34	pie	per	maund	per	mile
151—300 „	'31	„	„	„	„	„
301 and beyond	'17	„	„	„	„	„

Prior to 1948 the rates were as under :

1—100 miles	'20	pie	per	maund	per	mile
101—200 „	'17	„	„	„	„	„
201—500 „	'14	„	„	„	„	„
501—and beyond	'10	„	„	„	„	„

(b) The classification of 1948 adopted also the principle of telescopic rates, but it has to be observed that the benefit of telescopic rates was much neutralised by the distribution of legs on the basis of distances. The system fixed a distance of 300 miles both for the first and second legs. It is the experience of trade and industry that the average distance of general haul of goods is very much below the distance of 300 miles in the first leg and usually in the large majority of cases the movement is not above 100 miles. As the movement is within this range the lower incidence of telescopic rate has not proved to be an advantageous one. If the benefit of the telescopic rates has to be made available the distance range for the first leg has to be reduced and also the number of legs may also have to be increased.

(c) The revised structure has affected the short and medium haul traffic. Added to this there are also levies on the short distance haul. The effect of all these charges on the short distance traffic has been to inflate the cost of transport.

Q: 2 It is felt that the present rating arrangements are not sufficiently elastic although there is a provision for the variation of rates between the maximum and minimum for each class. It has been found in actual practice that the Railway administration are reluctant to exercise their discretion. Even though they have power for the grant of special station to station rate, the administration very rarely grant this facility. Though theoretically there may be flexibility, in actual practice the working has been rigid. Example: handloom goods. Though the commodity is booked at a concession rate at the starting station they are charged at full freight at

destination (from West Coast stations to stations in Eastern Railway).

Q: 3. (i) It is felt that the number of class rates and wagon load scales have to be revised and enlarged. Wagon load scales are available to limited number of about 80 articles alone which should be expanded.

(ii) The number of legs and distant range of the legs have also to be revised in view of the experience of movement of raw materials and goods from many stations. While the rate for the first leg has necessarily to be higher, there is a strong case for more progressive reduction of rates in the subsequent legs in view of the fact that according to our suggestion there will be additional number of legs as recommended above. In the opinion of the Chamber this progressive reduction of rates in the subsequent legs will not be likely to affect revenues of the Railways. As it is because of the operation of the high freight most of the commodities are diverted to road traffic. If the railway freight is more attractive there will be voluminous trade offering for railways and will not, therefore, affect the earnings of the Railways.

Q: 4. The fixation of a maximum distance of 1,500 miles beyond which no charge will be leviable will in fact be of no practical advantage to the trade or industry. Because raw materials for industry or finished products of industry are not despatched beyond this distance. Having regard to the total mileage of Indian Railways it is not advisable to fix such a high distance beyond which no charge will be leviable. In view of what has been stated above there is a strong case for the reduction of this maximum distance to not more than 1,000 miles beyond which no charge need be levied for the transport of goods. This principle should be extended to other important commodities like food-grains, textiles, iron and steel etc. This is particularly necessary having regard to the fact that owing to the peculiar nature of concentration of certain industries in particular region longer haulage is found absolutely necessary in the interest of consuming centres. Government of India under the Second Five Year Plan are establishing three Iron and Steel Industries in remote parts of the country and whereas the consumption will be by people situated at a distance. If this concession is not extended to those commodities also there will be a great disparity in prices between different regions which has to be avoided under any circumstances.

Q: 5. (i) *Terminal Charges*: It is felt that charges levied by railways in the shape of freight should be deemed to include the overall charge for all these services rendered by the Railway for the transportation of goods. It is said that the terminal charges are levied as a reasonable fee for meeting the services rendered by the Railway in the matter of providing sidings, sheds, cranes, machinery, loading and unloading etc. Moreover it has to be borne in mind that this charge falls only on a section of the trade tending to create disparity in the prices either of raw products or finished goods. The freight should be deemed to cover all such charges and the Chamber therefore feels that collection of terminal charges has to be discouraged.

(ii) *Short distance charge :*

It is felt a special levy in the shape of short distance charge when the distance of haulage is less than 75 miles is not justified after the introduction of the telescopic rates. This levy is a handicap on short distance movement. After the telescopic rates there is no justification for continuing the short distance charge especially when the freight for the first leg is higher than the subsequent legs. It has to be remembered that most of the cottage industry products move within the minimum of 75 miles and if an additional charge is levied for this short distance it will be a great handicap to movement of such commodities.

(iii) *Transshipment charge :*

As stated above freight charges should be taken to cover for the services rendered by the Railway but any way in view of the fact that the Railways will have to incur additional expenses at break of gauge points, there may be justification for a small extra charge. The present charge of three pies per maund on smalls and two pies per maund on wagon load traffic is rather too heavy.

The transshipment charges are excessive because of the prevalence of number of gauges operating in the country. Therefore it should be the end and aim of the Railways to reduce the number of gauges in the earliest possible time. Pending such reduction mechanical contrivances if operated at these points will tend to diminish the cost of transshipment. Under any case there is a case for reduction of this charge.

Q: 6. Unit charges may be fixed for a distance of 5 miles. This will facilitate calculation of rates for Railways.

Q: 7. In view of the fact that Railways are charging extra freight for the first leg which, as recommended above, has to be reduced to 100 miles there is no case for charging for a minimum distance of 20 miles. If at all a minimum is necessary it should be 10 miles and not more than that as it was prevailing before 1948.

Q: 8. The levy of haulage charges for empty wagons cannot be justified. It has to be eliminated.

Q: 9. The Chamber is aware that number of commodities are fitted together under the same classification having regard to the characteristic and their prices. There are yet number of commodities for which classifications have not been provided for and the Railway Conference Association takes suggestions from commercial bodies regarding their correct classification. In the classification of commodities primarily the cost of transport should be taken into consideration but that may involve extra work and the Chamber suggests that the price of commodities be taken as a safe method for transportation though it may not be the correct method. The value of the commodity alone should not be the criterion for the classification of commodities. The end use of the commodity together with the cost and characteristics of transportation should be the basic features regulating classification of commodities. For instance under the existing classification cycle parts come under class 13 along with motor car parts. Cycle is mostly used by the common man

and its classification along with motor parts is objectionable.

It is not at all advisable to give discretion to subordinate Railway staff to classify commodities according to their likes and dislikes. The term 'etc.' added to some commodities by the Indian Railway Conference Association should not be left vague. There should be a specific mention of the commodities brought under that classification. For instance under the common head 'grains and pulses' certain commodities are mentioned together with 'etc'. This will give option to the Railway authorities either to charge certain other commodities which are not specifically mentioned under this head or under some other head. As far as possible all commodities which are sought to be brought under the same common head should be specifically mentioned under that head to avoid uncertainty.

Q: 10. Generally speaking there is a case consequent on the industrialisation of the country and with a view to give a fillip to our trade and industry to increase the number of classes. India in recent years is becoming progressively industrialised and movements of manufactured goods are taking place in an increasing manner. There is a large volume of export trade in many of these industrial products and the operation of freight should not be a handicap to the development of either internal distribution or of external trade. Having this in view the Chamber feels the number of classes be increased and the Railway freight so devised as to give a fillip to our developing economy.

Q: 11. Movement in 'smalls' should not be penalised. The difference in rates for despatches in 'smalls' and "wagon loads" can be minimised. Arising out of this, the Chamber suggests that the present restriction of limiting booking of only four R. R. may be relaxed in the case of wagon loads. On account of this restriction manufacturers and dealers are forced to send consignments under 'smalls'. If this limit is relaxed the volume of movement in 'smalls' will be reduced.

Q: 12. The present difficulty arises out of the fact that the Railways have not wagons of varying capacity, nor have the Railways sufficient number of special type of wagons. In the circumstances even though the goods are despatched for transport the sender has to pay the minimum charge for the wagon with the result that he is at a disadvantage. The Chamber is of opinion that the charge for transport should vary with the class of commodities.

Q: 13 & 14. The minimum charge of Re. 1/- for sending 'smalls' irrespective of the quantity would appear to be too heavy, especially in respect of consignments of small packages.

If the minimum weight under 'smalls' is raised to 15 seers instead of the present 7 it may not result in any hardship to consignments of 'smalls' and it will avoid duplication of services both by goods and parcels. There should be a reduction depending upon the class of commodities.

Q: 15. The Chamber feels that it is not necessary to group all commodities under one class having regard to the recommendations made above.



Q: 16 (i). No.

(ii) No. In view of the recommendations made above the Chamber is not in favour of adopting the present class rate for wagons only. In fact there is a need to enlarge the sphere of wagon-load rates.

(iii). Generally the Chamber agrees to a reduction in the freight rates for quantities loaded beyond the minimum weights.

Q: 17. It is desirable to have provision for 'train load rates'. It may not be utilised very often, but at times of scarcity such rates will be taken advantage of. This is desirable especially now when there are large industrial projects undertaken by Government for transport of raw materials or in the case of movement of food-grains where bulk transport is found often times necessary. Of course the possibility of competition from steamer lines has to be looked into and attractive rates offered if the scheme is to succeed. But in giving facilities for 'train load rates' it will be seen that small consignments are not affected.

Q: 18. Ordinarily additional payment for express goods services is uncalled for. It is expected that when goods are entrusted to Railways for transport it will be delivered at destination in the quickest possible time but in view of the present position where shortage of wagons is acutely felt and where certain interests are anxious that their goods should be delivered without any delay the Chamber has no objection to the levy of a nominal additional charge, but this should be considered purely as a temporary measure.

In case express goods service is made a normal feature the bulk of the trade may resort to despatch goods by this means and the Chamber anticipates that the same pressure will develop there and the only result will be higher transport charges without any corresponding advantage.

Q: 19. Charges for cranes should be levied only to meet the cost of services and maintenance. It should be a service to attract more traffic and should not be depended upon for extra revenue.

Q: 21. This question has arisen due to paucity of wagons to cater to all forms of transport. There was a time when Railways were at their wit's end to attract traffic and Inspectors were appointed to attract traffic because there was satisfactory wagon supply position. Now a time has come when Railways want to avoid responsibilities by trying to divert certain traffic in "smalls" to other alternative form of transport. Government have ambitious scheme to augment wagon supply position and it is quite possible that not in the distant future Railways may be in a better position to accommodate all forms of traffic. Therefore in the opinion of the Chamber it is not all advisable to divert traffic by adjusting freights for short distance. The Chamber does not subscribe to the general impression that overall charge for short distance is generally unremunerative. In fact the total revenue of the Railways should be taken into consideration and not revenue derived from certain distance traffic alone.

Q: 22. The Chamber is not in possession of facts for a comparison of the freight rates

by road or inland waterways. But it is understood that charges by road compare favourably with Railways but the rates by inland waterways are definitely cheaper.

Q: 23. The idea of a freight pool is a novel idea. With particular reference to certain regions the idea of a freight pool will be ordinarily welcomed. South India particularly has to depend for her requirements of bulk commodities like foodgrains, coal, iron and steel, sugar etc., on supplies from North India, but it might be pointed out that the maximum distance should be reduced from 1,500 to 1,000 miles at least if the 'freight pool' is to be of any advantage. The Chamber realises that in the case of factories where raw materials have to be transported from short distance this will work as a handicap. The need for lower freight and long distance traffic has been recognised even before by quoting station to station rate on certain commodities. Therefore the idea of a freight pool is a revival of the old policy in a modified form and the Chamber would request that it may be tried as an experimental measure for some time.

We support a freight pool for coal, iron and steel, cement, chemical manure, grains and pulses, sugar etc.

Q: 25. In the event of the introduction of the freight pool, the Chamber feels that it should be worked by a Government Agency in consultation with the concerned trade or industry.

Q: 26. Yes. In a vast country like India certain regions are particularly suited for the growth of certain agricultural commodities while certain other regions are more favourable for some other commodities. Exchange of these commodities from one region to another is found to be very necessary with a view to its equitable distribution all over the country. Railways have a responsibility of helping distribution equitably and the Chamber therefore feels that the freight structure should be so devised as to help equitable distribution. Then only the benefits of money spent in certain regions will go to the benefit of people living in other regions. With a view to help this the Railways should reduce the freight for movement of certain agricultural commodities which are found essential to the life of the nation. Similarly in the case of industrial commodities also in the absence of proper regionalisation of industries such distribution by quoting lower freight is necessary. The increased traffic resulting by such reduction in freight will more than compensate the possible loss of revenue that may be expected by a reduction. It is only when these products of industries or agriculture are consumed to an increasing extent in other regions that the progress of industry or agriculture in other region can be ensured. Railways have therefore to perform a useful part in helping distribution at minimum cost.

Q: 27 & 28. The Chamber is not in possession of list of cases wherein request for waiver of short distance charge by the Railway Board has been made. Further regarding station to station rates or reduction of freight for particular commodities the experience is that the Railways are not favourably disposed to grant the facility of station to station rates. Instances in which



such station-to-station rates have been refused are sugar, piecegoods, wheat, food-grains, salt to mention a few.

It is understood that while special rate has been quoted for wheat flour at Rs. 1-0-7 from Wadi Bunder to Madras there is no such rate from Madras to Wadi Bunder. The charge now is Rs. 1-9-4 in the reverse direction. This is discriminatory.

The Chamber understands that in case station-to-station rate is quoted it is likely that there will be good volume of traffic from producing to consuming centres.

Q: 29. It is the opinion of the Chamber that the introduction of telescopic rates has not been without its disadvantage. It has not as expected reduced the over-all incidence of freight charges. This question has been answered (reply to the question No. 1).

The Chamber understands that Copra Industry in Calicut is adversely affected for want of station-to-station rate. Local production of copra being insufficient, it is found necessary to import copra. The landed cost of imported copra in Calicut as well as Madras, Bombay, or Calcutta being more or less same locally produced copra or coconut oil cannot compete in those markets without station to station rates. Similarly if station to station rate is quoted for coir yarn from Calicut to Wadi Bunder, it will stimulate traffic and help the industry.

Q: 30. It is felt that the station-to-station rates should be revived on a larger scale to foster the development of industries and to assist export trade. Station-to-station rates are necessary to satisfy particular exigencies and for carrying traffic from source of production to the source of consumption.

Q: 31, 32 & 33. A public utility concern like Railways should not ordinarily have any other consideration other than economics of transport and the needs of Railway finance. But in a country like India of vast distance and with grave disparities in natural resources Railways have another important part to play. It should be one of the objectives of the Railway Freight Structure to examine the freight structure so as to promote developmental activities and help promote export trade.

With regard to question No. 33 the Chamber is of opinion that any discrimination in rates of freight for transport of materials between new industries and an established one will savour of discrimination and it may so happen that established industries may wither and languish. While favouring one individual industry the Railways should not be a party to the extermination of another established industry. But with regard to industries of a pioneering nature the Chamber has no objection in the Railways quoting special rates to assist its development and growth.

Q: 34. In the preceding question the Committee seems to have a feeling to render assistance for the starting of new industries by quoting lower rates. In strange contrast, the Committee wants to inflate charges in the case of lines constructed in undeveloped areas. The Chamber is of opinion that finances of the Railways should be taken as a whole in calculating the income

or resources of the Railways and not of particular lines. Some lines may be unremunerative for sometimes but may eventually turn out to be remunerative. There should not be any penal inflated charges in the case of new lines undertaken in undeveloped areas. Rather the Chamber will go to the extent of saying that as in the case of new industries these undeveloped areas may be helped with lower freight till the areas become more developed to stand a higher freight.

Q: 35. Even under the present rating structure there are large surpluses available for the Railways. It is only due to the inability of the Railways to cater to the growing requirements of the public that it is found not possible for not earning more profits. The Chamber feels that with the developmental activities conceived on an ambitious scale and over the country, the Railways will have sufficient ground to cover and earn more revenues even under the present rates of freights. If the classification is widened as suggested above and a rational policy adopted for classification of goods under the various heads the revenue derived from such sources itself will be sufficient not only in facilitating the economic and industrial development of the country but also provide ample revenues to meet the cost of investment, construction of new lines and for provision of rolling stock. Railways as a public utility concern should give more amenities and attract more traffic to itself.

Q: 36. Normally the freight structure should be so adopted to meet the working expenditure, the interest charges, depreciation and also for rehabilitation and for meeting reasonable contribution to the general revenues. For developmental purposes the chamber is of opinion that the freight structure should not be expected to finance.

Q: 37. For the development of village and cottage industries Government both State and Central are offering too many amenities and facilities. In a way larger industries are also asked to contribute to subsidise these cottage and village industries. In the circumstances is it undesirable that the general tax-payer also should be called upon to contribute to the welfare of these industries. Of course, these industries are means of employment to large number of people. To foster their growth Railways can also help not by modification of freight rate but by relaxation of the conditions attached to packing.

Q: 38. If the criterion for the levy of rate is based upon the cost of transport then the fixation of ceilings will not come into the picture at all. On the other hand it is for the Government to consider before fixing a ceiling on prices.

Q: 40. The Chamber does not subscribe to the premises raised in this question. It feels on the other hand that consequent on the increased volume of traffic arising out of developmental activities the revenue will more than off-set increasing expenditure and will provide sufficient revenue for appropriation to the general revenues as well. After all the working expenses form only a part of the general revenues and it cannot be assumed that the increased traffic will only be in low rated traffic.

Consequential on the industrialisation and increase in national income there is bound to be an increase in traffic in the high rated commodities as well.

Q: 41. However desirable it is to have an element of flexibility in the rates of freight to suit foreign market conditions in principle the introduction of an element of flexibility in the freight structure is likely to upset previous calculations. In the case of India which has embarked on a policy of industrialisation an element of flexibility in the price structure is calculated to do some good for our industries to compete in the foreign markets but there is always the danger of uncertainty prevailing in the minds of importers abroad owing to the introduction of an element of flexibility in freight structure. Contracts are entered with the foreign importers and buyers after taking into consideration the existing rates of freight, and if a sudden change is caused to the rates structure it is bound to upset the previous calculations and the prices may vary accordingly. It is surely not at all advisable to introduce an element of uncertainty affecting cost structure of the goods. Recently export duties were levied on some commodities exported outside India to adjust international price, but this far from achieving its purpose had attracted adverse criticism in the international market. Before entering into contract there should always be an element of certainty in regard to basic factors and if the rate structure is varied or flexible ultimately it may have adverse reaction on our export trade as well. The Chamber, therefore, is opposed to the introduction of any element of flexibility in the rating structure.

Q: 42. There has been an increase in the quantum of movement of goods as a result of the First Five Year Plan. There has been an increased tempo of agricultural production not to mention the rapid strides in industrial output. Moreover there has not been a proper regionalisation of industries even started by the Government of India, so much so there has been brisk movement of some commodities over long distances. There has been similarly some spurt in our exports leading to heavy traffic to ports. The demand for wagons has always been increasing for export cargo but the Railways were hopelessly found to be unable to meet such demands. There has been a lot of movement of foodgrains. Previously we were importing large quantities of rice and pulses from Burma, Indonesia and other foreign countries which were dislodged at ports and distributed in the adjoining areas alone. Now Government of India is importing rice and other foodgrains for the requirements of the whole country and store them in different godowns and therefore traffic has increased on that account also. The traffic is mainly directed towards ports. Export of mineral ores has expanded many fold as compared to pre-war period. Another feature of the post-war period has been to import large quantities of machinery to carry developmental activities.

Q: 43. The Chamber cannot point out any concrete cases where the freight rate adopted in 1948 has influenced in the location of industries or pace of development. Before industries are installed in certain places its location was generally based upon variety

of factors chief among which are availability of raw products, man-power, power supply, transport facilities. After the installation of industries of course they depend to a large extent upon help from transport authorities for movement of both raw materials and finished products.

Q: 46. This information can best be had from Government, but some fillip has been given under the various plans of developments for increasing area under rice crop. Sugar cane production is also said to have been increased. Large areas of virgin land have been brought under the plough under the impetus given by Government. Therefore, the dependence of this State on rice and other food grains producing areas may be less.

Q: 47. It is illogical to adjust freight based upon low rates of requirements of wagons. Adjustment of railway freight for less than wagon-load movement may be helpful to help small scale agriculturists. The Chamber cannot favour this suggestion. Already the Chamber has stated that for the movement of small scale industries products there should not be any discrimination in freight. Generally speaking provision of warehousing facility will be helpful to small scale agriculturists. But even now in many stations there is not even covered accommodation for goods. The question of providing warehouses arises only afterwards. Government of India is also seized of this question. It may however be stated that provision of such warehouses will be more convenient in clubbing of small consignments.

Q: 54 & 55. The freight structure should be so framed with a view for the equitable distribution of at least essential commodities from centres of production to centres of consumption and to ports. In a developing economy Railways can play a dominant part in adjusting the prices of commodities. That was how Railways when they were under the management of Companies adjusted movement by quoting station-to-station rate and special rates to ports to help export trade. Now from 1948 onwards when the rate structure was revised such facilities have been withdrawn. The Chamber also wishes to point out that a public utility concern like Railways should not base its freight structure with a view to get increased revenue alone. Service to the country, promotion of industries, promotion of export trade should be important factors guiding fixation of freight.

## PART II

Q: 1. From the available information, the Chamber can state that many of the merchants and traders prefer to book their goods at owner's risk and in order to cover the risk incidental to transit they choose to insure with private insurers. Of course, many of them have been complaining that there has been lot of pilferage to consignments especially after the war.

Q: 2 (a). Generally traders resort to private insurance in about 5 or 10% cases wherever the value of their goods is high and for which there is no facility in the Railway for insurance and because of the fact that a particular commodity does not fall under the category of "excepted article".

Secondly due to apprehension that valuable goods may suffer theft, pilferage, wholesale loss etc., traders, in order to safeguard themselves get their goods insured with private insurance even though booked at Railway risk rates since the Railways in the event of heavy loss let them down under the protection of Railway risk notes.

(b). Private insurance cover risk against loss from fire accident and even certain types of damages.

(c). The shift in favour of private insurance has been very much in their favour during the period 1950-55, more especially in the case of drugs, silk fabrics, musical instruments, matches and other costly goods.

Q: 3. See above [Q. 2(c).]

Q: 4. From the available reports, it may be found that there has been a marked increase in the payment of compensation especially after the last war, in almost all cases. The factual data with regard to payment of compensation during various periods can best be had from the Railway Administration.

Q: 5. Factual information relating to various queries can only be had from the Railway Administration. But the Chamber can generally say that there has been a phenomenal increase in the payment of compensation against loss, pilferage, theft, wastage etc., since the war.

Q: 6. With regard to claims it is understood that claims have arisen mostly in the case of costly goods.

Q: 7(a). It is no doubt true that with the amendment of the Indian Railways Act of 1949 the Railways' liability has been enhanced to cover cases of negligence also. But this amendment has not conferred any practical advantage to the Railway user. Railways always take shelter under the Railway Risk Note Forms which seems to be their sheet anchor against all cases of claims. The Railways being Bailees, the amendment has not proved to be of much practical benefit.

(b) In view of what has been stated above there is a case for enlarging Railways' liability as Carriers.

Q: 8. The present practice of quoting Railway Risk rates for certain commodities, Railway Risk and Owner's Risk for certain other commodities and giving option to the sender to choose either of the rates has only tended to create confusion and chaos. It has not been of much practical advantage either to the sender. The liability of the Railway in either case whether owner's risk or Railway risk being very thin it does not serve much useful purpose to quote two different sets of rates for a variety of goods.

Q: 9. It is not advisable to maintain a disparity between two sets of rates when the liability of the Railways is the same in respect of both the rates. The Chamber sees that no useful purpose will be served by maintaining the disparity in the rates from commodity to commodity.

Q: 10. As stated above, if there should be any wide difference between the Owners' Risk Rates and the Railway Risk Rate, Railways should assume greater liability. If that

position cannot be accepted by railways, this by itself will serve no useful purpose.

Q: 11 & 12. Far from absolving the railways of the responsibility, business people would like the railways to assume more responsibility for the goods entrusted to their care.

Q: 13. It is not at all desirable as far as possible to maintain disparity in rates when Railways are not taking any additional liability. In such a case the relaxation with regard to packing conditions may be continued.

Q: 14. The Forwarding Note being an important document should necessarily be clear in its terms. In many cases Railways disown liability and take shelter under the risk note form issued by them under Section 72 of the Indian Railways Act. Whenever Railways accept goods for transport they should take full responsibility to deliver them in good condition at the destination.

Q: 15 & 16. The Chamber realises the importance of packing conditions in the matter of transport of goods. In the case of dangerous goods packing conditions are essential both from the point of view of the railways and the safety of transport of the commodities themselves. In that view packing conditions necessary to secure such safety may be prescribed in consultation with the Railway authorities and mercantile interests. But in prescribing those conditions, care should be taken to see that by insisting on those conditions the cost of packing for transport should not be unduly enhanced. The cost of packing should be considered as part and parcel of the cost of transport.

Q: 17(a). It is the opinion of the Chamber that it is necessary to provide warehousing facilities for goods prior to despatch and before delivery. In the case of agricultural products the necessity for providing such warehouses has already been indicated. The Railways therefore will be well advised in providing such facilities wherever possible. The Chamber may state that such facilities will tend to get a better price for the primary producer.

(b) Government are already enlarging their scope of service to the country leaving less scope to the private enterprise. It is therefore only in the fitness of things if the warehousing facilities are also provided by the railways. In the event of private people taking this service it is quite possible that charges may vary from place to place which has to be avoided. The Chamber, therefore suggests that railways are the best authorities to do this useful service to the public.

Q: 18. (a) & (b) As has been stated above the present legal liability of the Railways in respect of loss, damage etc., has led the trade even though they book the goods at Railway risk rates to cover them by private insurance. The present liability of the railway as 'bailee' is limited and is one-sided and is not fair to the users of the railway. Section 72 of the Act and Forwarding Note issued thereunder have been relied upon by the railways to disown responsibility in the matter of loss, destruction and pilferage. It is very difficult for the railway users to prove negligence on the part of railways when the goods are in the custody of the railways. Therefore, the present conditions are

extremely one-sided and detrimental to the trade. From very early times, there has been persistent representations on the part of the railway users to amend Section 72 throwing more responsibility on the railways as 'Bailee'. When the public pay adequate charges for the safe transport of the goods, it is natural to assume that the railways will perform their part of the contract to the satisfaction of the railway users. It is, therefore, the considered opinion of the Chamber that the responsibility of the Railways should be basically revised fixing on the Railways greater liability for loss, damage, etc. To this purpose Section 72 of the Indian Railways Act should be amended.

Q: 19. Law and order have to be maintained by the State Government concerned. The Railways should strengthen the Watch and Ward Department. It should be a separate entity and not subordinate to the Railway authorities.

Q: 21. There is a general feeling that refund of claims take inordinate time. Claims should be paid as expeditiously as possible.

Claims amounting to less than Rs. 5 should not be asked to be waived.

To avoid delay in the settlement of claims involving Rs. 50 and less the Chamber suggests that the feasibility of authorising Goods Station Masters to settle such claims may be considered.

Settlement of claims leaves much to be desired. There is a feeling that the interests of the mercantile community will be better safeguarded if the claims Department functions as a separate entity.

### Part III.

Q: 1. The Chamber is of opinion that powers now conferred upon the Railway Rates Tribunal under Sections 41 and 42 of the Indian Railways Act should not be curtailed. There is however a feeling that

the present restrictions placed upon them for sitting in judgment over the question of terminal charges should also be brought under their purview. The Railway Rates Tribunal performs more or less judicial functions and it is inadvisable to clothe that body with the powers of investigation as well. With regard to the disparity in freight rates, it should be left to be looked after by a separate body.

Q: 2. The Chamber is emphatically of opinion that the Central Government should not have ordinarily powers to reclassify the commodity under a higher class without reference to the Tribunal. If any such increase is deemed essential the Chamber feels that it should come through proper channel, i.e., after reference to the Tribunal alone.

Q: 4 & 5. There is a feeling that the proceedings before the Tribunal are dilatory and takes much time. It will be helpful if the rules are so framed to expedite such decisions.

Q: 6. The possible remedy to minimise the cost is to have the sittings of the Tribunal at important commercial centres.

Q: 7. It is only very recently that more and more educated persons have taken to business. Ordinarily businessmen are not thoroughly aware of the formalities and the proceedings or of the various laws and regulations prevailing at present. They have not developed their legal side of the business. Therefore they were not in a position to represent their cases adequately.

Q: 12. The continuation of the Tribunal is very essential even though the Railways have become nationalised undertakings. The association of any Advisory Body may not serve a very useful purpose from the point of view of the trade, because their recommendations would be only advisory in character and need not be binding on the administration.

## The Tamil Chamber of Commerce, Madras.

### PART I-A.

Q: 1. (a) The revision is also working hard in cases of Mills which have to get raw materials from distant places. Take for instance the jute Industry in South. They have to get raw material from Calcutta. The cost of production therefore naturally increases and the industrialists here are placed at a disadvantage.

It is therefore essential in such cases a method of tariff revision is necessary whereby the rates work out favourably to these in disadvantage by charging more to those who are benefitted by nearer distance. Even in respect of import of coal, South India is at a disadvantage. To meet such eventualities a separate schedule of rates have to be fixed in consultation with the Industrialists of all regions by calling a Conference of these Industrialists.

(c) I do not think the structure has affected short and medium hauls. Mostly short and medium distance traffic is now carried on by private Lorry Services which is more costly. This classification is necessary to neutralise the effect of prices which may otherwise widely range from place to place.

Q: 2. (b) The answer can be gauged from the increase of a number of complaints before the Railway Rates Tribunal. A statutory body with local representatives from Industry to hear complaints seems to be necessary for each of the Railway Districts so that they may act as a vigilant body to correct those who exercise discretion improperly and high-handedly.



Q: 5. (iii) A remedy for this mostly lies in connecting at least metre gauges to important Ports and business centres. It is not difficult to the South working with Bombay for instance by a metre gauge route *via* Hyderabad and Manmad. Even Delhi too can be connected without much difficulty though it may be somewhat more costly in respect of Calcutta. But this seems to be very essential not only to have an effective clearing at Ports by alternative routes but also in increasing the revenues of Railway which are now diverted to the hands of private operators. This should be given a serious consideration by the Railway Board and Railway Ministry.

Q: 6. Instead of having a routine answer to this, a Conference of Industrialists of all regions is the best method of deciding this question if once the authorities know the difficulty of Industrialists in various regions as already suggested.

Q: 8. If it is realised that such method is resulting in high rates for oil products and oil merchants in certain cases are put in a great disadvantage it has to be abolished.

Q: 13 & 14. 'Smalls' of 7 to 10 seers should be invariably booked by parcel trains so that the congestion and duplication may be reduced. It is advisable that parcel traffic should be encouraged by attaching wagons to all passenger trains with the result there will be less strain on goods traffic.

Q: 17. Train loads sometimes are not only desirable but also essential. Particular stations which export heavy loads sometimes are at a disadvantage having large stocks left over with no prospect of obtaining wagons. In such cases, for instance, merchants at Tadepalligudem may be notified that a train load will leave that station with grain on a particular date. They will then be ready with their loads and such loads will have salutary effect on merchants who trade on scarcity of wagons and abnormally increase prices.

Q: 20. The facilities offered by Railway authorities are inadequate with the result live-stock like goats are transported by lorries. There should be facilities for the supply of water etc. and arrangements of food etc., for escorts. The wagons should not be detained in each and every place but only at places where these facilities are available. Humanitarian considerations need that these live stock carriers should be attached to Express Goods Trains or even by passenger trains. Quick transport of these will facilitate encouraged traffic on Railways in regard to live stock.

Q: 21. Short or long is no consideration in transport. If it is unremunerative, methods of making it remunerative may be thought out. But to avoid short distance traffic is to deny the public to choose the form of transport he likes. The kind of discrimination may encourage unscrupulous other forms of transport.

Q: 22. It is wrong to suppose that other forms of road transport for short distances are easily available. An operator of lorry from Madura is interested in taking a load to Madura only if available. He thinks of only short distance traffic if such a load is not available. The charges on road transport vary according to competition. Some-

times it is low and sometimes more. They are fluctuating except in cases of large private operators who keep regular offices and book parcels etc. Even these are entrusted to them because the public are not in a position to often undergo trials at Railway booking offices. You must go to the route to see how the Railways stand in relation to public and remedy the defects. That is the reason why they use private transport though at more cost sometimes.

Q: 23. Include jute, cotton also.

Q: 24. This is certainly a most important question that should be tackled in consultation with the Ministry of Agriculture also. These are placed in South, where Jute can be raised. But on account of localization of Industry at Calcutta, the South is at a disadvantage. For instance, Jute Mills in Guntur are worked very successfully but only they are suffering on account of the disadvantages raised in the question. There are several such centres where jute could be grown in South and Mills could be started provided a favourable rate is adopted in respect of centres where jute can be grown to enable them to withstand with Calcutta and its surroundings where jute industry is centred. There is a strong case for improving this industry in South which has fertile jute growing areas.

Q: 25. As already stated a statutory body with industrialists and agriculturists with nominees of Central and Provincial Governments should be constituted.

Q: 27 & 28. The judgments of Railway Rates Tribunal will answer these questions. It looks as though in almost all the cases, the Railway administration takes up a stand and sticks to it with possibly no remedy left out.

See answers under *Railway Rates Tribunal*.

Q: 34. Instead of charging higher freight, removal of bottlenecks and connecting important ports by alternative systems of Railway like the connecting of metre gauge of the South with Bombay, Delhi and Calcutta, is essential. This will bring high revenue to Railways. Also connecting short distances to enable congestion on one Railway will bring in more revenue and less strain on the existing lines. For instance connecting Kazipet with Vizag will not interrupt the wagon movement between Calcutta and Madras, as goods intended for Hyderabad and Deccan and *vice versa* may not be a burden between Vizag and Bezwada with the result the movement of coal, iron etc. from Calcutta to Madras move uninterrupted. Such other instances to remove bottlenecks should be taken up forthwith all over India.

Q: 35. This question does not arise at all until the Government lays the minimum mileage of railway required for a vast country like India. Instead of taxing the already taxed, i.e. the Industry and the Industrialists alternative forms of revenue should be thought over.

The unfortunate policy of taxing the minority and leaving out the majority i.e., the agriculture as a vote catching device must go. He pays the same tax of about Rs. 10/- an acre when the land is valued at Rs. 500/- and even now when the same costs Rs. 5,000/- he is free from all taxes and it is

these sources that should be tapped. A railway tax of Re. 1/- per acre may be charged like the other taxes.

Q: 36. The abnormal cost of Railway Administration should be cut.

Q: 39. Helping rapid industrialisation and the freight structure are two independent identities. Both cannot go together. However carrying commodities below the actual cost of transport in regard to certain articles, may work adversely on others. The question needs a careful examination with full data at your disposal and specific questions are needed to demand an answer.

Q: 40. Alternative routes and improved wagon position are the only solutions. More and more goods carried will bring in more and more revenue. It is only after the Government stepped into the industry the cost of production has gone up. The classification in the question will show the industrialists are discriminated against agriculturists. The industries mentioned are Government controlled. It is for the Government as a whole to consider this question, and not only particular Railway Ministry.

Q: 42. Traders who were importing rice and teak from Burma in South should be allowed to resume their business. Possibly this is for the Department of Industries to consider. The Government stepping into each and every possible private sector of Industry is responsible for many ills. Therefore the problem is not easy to solve much less there is any use in answering such questions unless the trade and the Government sit together, discuss and decide things.

Q: 43. This is another question which is concerned with all Industries and not only Railway Administration. If each region is made self-supporting in respect of certain commodities essential for daily life the strain on Railways would have diminished. For instance, iron, coal, sugar and cement and the like required for Southern region can be produced here and it will solve many problems. It is not done though it is possible to do so. Therefore we stand where we stood in 1948. The only improvement is the strain on Railways.

Q: 45. The element of Railway freight on an agriculturist is almost nil. But our Parliament and Provincial Legislature consist of majority of them always complaining about their conditions. Therefore a Railway cess should be levied on agriculturists.

Q: 46. Within ten years South India will be surplus as far as food grains are concerned in view of large number of projects under construction. The movement of grain may become less important as every part of South may become almost self sufficient. So is the case with sugar when about 12 more sugar factories come into existence. The trouble of importing sugar from U. P. may become unnecessary.

Q: 47 (i). Adjustment in Railway freight is unnecessary as the agriculturist is able to transport produce even by Road transport. Even if done it is not going to benefit the consumer as the agriculturist demands his pound of flesh.

(ii). Elaborate plans for warehouses on co-operative basis by the Co-operation

Dept. is planned. This question need not be tackled by Railways.

Q: 48. Even in respect of the little possible Industrial Development that the Govt. has thought over for the South, there is nothing envisaged in the private sector; cement and sugar factories are to be sure on co-operative basis.

## PART II

Q: 2. The first principle of Railways, a business institution, should be to ensure safety of goods booked through them. It is not as if the Railway authorities are not aware of pilferage in the Railways. Whatever may be the cause it has become customary. Something out of a rice bag or a few fruits from a fruit basket should get pilfered before they reach the party. Even assuming they are insured with Railways and Railways agree to take the risk on payment of a small premium, the task of getting the redress is not so easy. Compulsory insurance through a corporation with power to settle claims on the spot is an advantageous proposition, if it can be worked out. Those responsible for pilferage will also change their policies of being negligent otherwise either the owner's risk or a private insurance will be preferred.

Q: 17 (a). A big plan has been drawn up under the Second Five Year Plan to store and market agricultural produce. Hence there will be relief to Railway storage problem.

) Better to leave this to co-operative department and the Ministry of Agriculture who are planning in a very large scale.

Q: 19. The responsibility of the Railway staff should be increased.

Q: 21. Red-tapism should be avoided. Railways as a public service concern should infuse confidence in public that they deal with matters then and there. Special Officers should be appointed to settle claims on the spot.

## PART III

Q: 3. The functions of Tribunal as constituted as appellate authority are essential provided the same is an independent body unlike the present set up. Please refer subsequent answers for classification.

Q: 4. A set of rules like that of High Court Original Side rules should be framed. The Tribunal should follow and decide cases according to principles of Code of Civil Procedure, Evidence Act and other judicial enactments, just like a regular court.

Q: 5. Delays cannot be avoided in the present set up unless it works like a regular Court. Remedies are suggested in subsequent answers.

Q: 6. I know cases costing 15 to 80,000 to construct a case before a tribunal. Rarely relief is got as they mostly adhere to the decisions already made by the Railways. The report of Railway Rates Tribunal bear testimony to this.

Q: 7. It is mostly felt that the Tribunal simply hears and finally confirms what the Government has already decided. In some cases leading advocates were engaged. Even then the results are the same. Then



how could you expect party complaining and convincing the Tribunal.

Q: 8. The Tribunal as it is constituted is unnecessary and superfluous. The members of the Tribunal should have the same qualifications fixed for High Court Judges and their tenure of office should be permanent and should not depend on the pleasure of Railway Ministry. Like High Court judges, they should be appointed by the President. Against their decision an appeal should lie to the Supreme Court. Preferably they should retire at 65th year, like Supreme Court judges. They should hold regular courts and follow regular judicial procedure. Because they are appointed for a term of 3 to 5 years, they try to seek the goodwill of Railway Ministry to have an extension. If they are terminated at the end of the contract period they are again in helpless position. Therefore it is just and necessary it should be a regular Court of the status of a High Court.

Q: 9. There should be 4 Members divided into two Benches of two each, to only important centres and giving quick disposal to cases.

Q: 10. (a) Yes.

(b) The panel should not be prepared by the Railways. The Chambers of Commerce may be entrusted with the task of

making panels of experts from Trade for each Industry so that one of them may be chosen by the Board when hearing particular types of cases requiring particular knowledge.

Q: 11. For both purposes one body is enough. In one case they hear appeals and in the other case they will act as an advisory body.

The powers of the Parliament do not come in the way as the Parliament has power to delegate its powers in respect of administration of law passed by them as in the case of High Court.

Q: 12. Certainly—the view is correct. The Tribunal mostly sets its seal to the decision of Railway authorities.

#### *In the Alternative.*

The High Court in various states can constitute a Tribunal of one or two members from the Bench to dispose off the cases arising against Railway authorities. The High Court being independent entity cannot be influenced by Railway authorities. The practice is in vogue in respect of Income Tax cases. The same method may be followed which means quick disposal of cases distributed over 16 to 17 High Courts in respect of matters arising in their jurisdiction. This will avoid delay, expenses and save a lot of time.

## The Malabar Chamber of Commerce,

Kozhikode.

### PART I-A.

Q: 1. (a) The 1948 revision in the general classification of goods while removing certain glaring anomalies of the earlier classification, have brought about many fresh disadvantages particularly in regard to timber and other items moved from the West Coast, in particular commercial plywood is classified under WL/E whereas tea chest panels come under different classification "2" although both commodities are same products i.e., commercial plywood is charged at Rs. 1/11/4 per maund from West Coast station to Shalimar as against Rs. 3/11/4 for tea chest panels.

(b) On the whole the adoption of the principle of telescopic rates had been helpful though the removal of the fixed and flat "station-to-station" rates in vogue previously had done greater injustice.

(c) The revised freight structure has affected medium haul traffic rather than the short and long distant ones.

Q: 2. (a) The present rating arrangements are not sufficiently flexible.

(b) In many cases the Railway Administration either turns down the request or takes an unduly long time to arrive at a decision. Therefore, the discretion is almost a dead letter and is not always helpful to the public. Also instances are many where a

commodity booked at concession rate on arrival at destination is charged the full freight, for example handloom goods from the West Coast stations (Southern Railway to stations on the Eastern Railway).

Q: 3. (i) The number of class rates and wagon load scales should be revised, as also the relation between these two categories in view of the changing economy of the country, as a whole. In many instances, the Railways are unable to give a correct and final decision as to the class and the rate to be charged to a particular item, in many instances where a specific mention is not made in existing tariff. The number of class rates should be more exhaustive.

(ii) (a) The number and the distance range of the "legs" need further revision, in view of new industries and raw materials moved from many stations now, which were not prevalent in the earlier years.

(b) While the rate for the first leg may, if necessary, be slightly increased, that of the second should be only 1/4th of the first, the 3rd 1/6th of the first and the last 1/8th of the first leg.

Q: 4. The maximum rate for the two of the wagon load scales and for the coal scale may be shifted to a distance of 1000 miles.

Q: 5. The terminal charge may be discontinued. Instead for short distance of less than 100 miles the existing rates for short distance may be charged. Transshipment charge for break of gauge, in addition to the conveyance charge may be made, provided a part of the revenue thus derived is solely utilised for improving facilities for quick and safe transshipment. At present, in many cases, there is considerable delay in transshipment and goods are exposed to sun and rain, for want of proper covered sheds at the junction stations.

The quantum of charges also needs a thorough revision.

Q: 6. The unit charge may be for a distance of 10 miles.

Q: 7. The minimum distance for goods traffic may be increased to 30 miles.

Q: 8. Definitely, it is necessary to extend the principle of empty haulage free of charge in all the Railways, for all liquid commodities.

Q: 9. The grouping of particular commodities may be carried as at present with provision for review to suit the changes in price structure.

Q: 10. The number of classes may be increased suitably to have a more rational way of calculating freight particularly in respect of many items which are being progressively manufactured or moved to the Ports for export from India.

Q: 11. While the sender of "smalls" should not be at a disadvantage over his big brother sending in wagon loads, to encourage the small-scale manufacturers or agriculturists the difference should be very small, subject to the distance limit of movement of such "smalls."

Q: 12. The uniform rate at present should be revised with reference to the commodity carried as in some cases the goods will be of more bulk occupying a greater floor area of the wagon and the total ton capacity may not be possible to be reached in all cases.

Q: 13. (a & b). This needs no revision.

Q: 14. The minimum weight for "smalls" may be increased to say 10 seers so that the duplication of service by both goods and parcels may be avoided.

Q: 15. The present classification is considered suitable and may be continued.

Q: 16. The expedient may be given a fair trial for (i) up to say 10% upward direction (ii) the suggestion in Chamber's view appears to be unpracticable. (iii) the suggestion is a sound one and may be tried.

Q: 17. "Train load rates" may be introduced for agricultural produce perishables specially, cement, steel, coal and fuel oils, fertilizers etc. to meet the demand of trade.

Q: 18. Express goods services may be charged at slightly higher rates provided there is actual speeding up in the journey time.

Q: 19. The present experience with regard to the use of cranes is that they are mostly out of commission though cranes charges are collected as a matter of course.

If electric, higher capacity or quick operating cranes are installed the rates may be charged commensurate with the quicker turn-round.

Q: 20. Livestock or animals when moved in larger numbers at a time may be shown a concessional rate and suitable carriers may be provided for the class of livestock moved.

Q: 21. (a) A trial may be given and 50 miles may be considered as "short distance."

(b) Transport by inland waterways and road in many cases definitely is cheaper, safe and economical. Road transport being from "ware house to ware house" in many cases, there is saving of transport, cooly etc. charges to and from the railway points at the despatch and receiving stations.

(c) Yes. From port to port and thereby relieve the strain on Railways.

Q: 22. Road and inland waterways are cheaper.

Q: 23. Freight pools may be created on a zonal basis. The minimum distant traffic may be excluded as a trial measure from this pool. Freight pool may be in the first instance created for coal, iron and steel, all fuel oils, cements, chemical fertilizers and all food stuffs. If possible timber, cotton, textiles and tiles may also be brought into the frame work. A 3 years or 5 years trial should be given to the scheme. The freight charged must be always commensurate with the cost of material.

Q: 24. West Bengal business interests will be better placed to offer suggestions regarding raw jute movement, as jute is a monopoly item there.

Q: 25. The freight pool must be worked by a separate Agency like a Corporation or Board in which the interests of the Railways, Industries and the consumers should be adequately represented.

Q: 26. The present freight structure needs change definitely in view of the changed economic conditions and further economic progress of the country.

Q: 27, 28 & 29. Statistics not available.

Q: 30. The Station-to-Station rates should be revised where new industries have sprung up on a larger scale but the possible competition or overlapping of the availability of the various products should be borne in mind.

Q: 31. The very idea of the Railways being nationalised is to remove the profit-motive and make the system of the greatest and the widest benefit to the development of under-developed industries and the movement of raw materials which form the basis of such industries.

Q: 32. Yes; economic progress and well-being of the people to enable a better standard of living must be the main objective.

Q: 33. An initial 3 or 5 year assistance in freight rates may be given by making a distinction for new industries, to enable them to keep their overall cost of production and sale price fairly in line with those already established.

Special consideration should for the same reason be given for economic development of the under-developed area which will become developed when the Plan Projects are completed.

Q: 34. Unremunerative new lines constructed in under-developed areas may be made profitable by increasing the terminal charges or charging higher rates for "smalls" and passenger traffic (as over the Nilgiris Railways and Shoranur—Nilambur Railways.)

Q: 36. Improvement of amenities to passengers, particularly to pilgrim centres.

Q: 37. Village and cottage industries should be helped development by offering reduced freight rates for the various commodities, provided the consignments are properly certified by an Authorised Officer.

Q: 38. When commodities are controlled and ceiling prices fixed, the freight rates may be varied in consultation with the interests concerned.

Q: 39. On merits of each commodity, i.e., low rated commodity, transport even at uneconomic rates should be continued.

Q: 40. This question is, if we may say, a paradox to the very idea with which the Railways have been Nationalised. We believe (we hope we are right) Nationalisation of Railways was done having regard to the integration of the various parts of the country, ensuring economic progress and political stability and increasing the Nation's prosperity and the well being of the common man, to eliminate the predominant profit-motive "give-less-get-most" of the former Company managed railway systems. The Railways have achieved their present status of a most vital of National undertakings, only after over a century of working. Therefore, to give any suggestions or contemplate any far reaching overhaul of the freight structure or other ways of augmenting revenues when we are in threshold of "setting our house in order" will be unreasonable and unwise. The appropriation to the Development Fund and to the General Revenues should be easily adjusted having regard to the nature of the freight to be hauled for better and quicker realisation of the Plan projects.

Even, if during the Plan period the Railway system may not be benefited directly, there will certainly be a large scale benefit in other and indirect spheres. Good returns will be forthcoming in the course of years and to work on the basis of a narrow 5 or 10 year expenditure and return will be against the idea of Planning and Progress envisaged by the Central Government. In view of our country being presently in development state, the low-rated traffic which forms the backbone of our industries should remain untouched.

Q: 41. In the case of commodities of exportable nature and for which India has competitors in Pakistan and Ceylon, a favourable freight rate from the places of origin to the Ports is very much advisable, so that there will be more foreign Exchange Earnings and incentive for better manufactures or productions to meet world-standards and incidentally more prosperity for the nation.

Q: 42. The lifting of food imports and controls, and the setting up of various new

Industries, have meant a thorough overhaul in quantum, direction and range of transport in the Rail and other systems. There may be still changes as the Plan projects progress and are completed.

Q: 43. The freight rates policy adopted in 1948 was not to the extent really necessary to benefit industry or the furtherance of trade. With the far reaching changes during the period 1948 and now (7 years) the various factors which influenced the revision in 1948 again exist, but the policy of 1948 requires change. We believe only with this aim mainly, the Enquiry Committee has been set up now for revision of the freight rates.

Q: 45. The element of Railway freight is about 10%.

To the extent this could be reduced, the cost to the consumer will be proportionately lower.

Q: 46. Tapioca, prices of which came down to a devastatingly low level, has now been allowed to be moved freely throughout the country; but the Railway freight being very high stands in the way of marketing the product. This item should also find a place in the Food group.

Q: 47. The agriculturists should have the advantage of wagon load rates provided the quantities offered after clubbing together of different consignments belonging to several consignors, amount to a full wagon load.

Q: 54. The disparity of the consumer prices generally for the most basic and essential requirements should be eliminated or made as less as possible so that the people in all the parts of the country are not unduly saddled by any additional freight and transport charges. For instance the CIF prices quoted by foreign shippers of Germany, Japan, U.K. etc., are the same to whichever Port you may import the goods. The freight should be in proportion to the cost of the materials carried and their importance for the furtherance of the Plan and prosperity. In some cases, like Dangerous goods or Explosives (other than inflammable items like Petrol and other oils) the freight may be increased commensurate with the danger and other factors.

Q: 55. The freight rates for Luggage and Parcels carried in Mail and Express Trains may be subjected to a surcharge of some percentage say 25%, in the same principle as the increased rate for passenger fare between ordinary and Express/Mail trains. The minimum luggage rate may also be increased suitably with marginal adjustments.

Some inducement should be given when the wagons are loaded to their full capacity, by offering a reduction in full wagon-load rate, or by increasing the minimum for charging the wagon rate (when a maund rate is also in force) to 80% or 90% of the tonnage capacity of the wagon.

The wharfage and demurrage rates may be increased suitably as a deterrent to long delays in unloading or clearing. But the minimum free-time for "smalls" may be increased to 7 days. For wagon loads, when the Railways have to unload before the party producing the R.R. and clearing the consignment, a suitable additional fee may be charged. But the Railways should safeguard

and keep the consignments fully secure and in covered sheds.

The Watch and Ward Staff of the Railways should be made more alert to eliminate risks of theft, pilferage etc. Better security and decrease in pilferage, theft and loss due to deterioration and defective carriage of goods should be brought down to the minimum.

The Forwarding Notes should be made uniform for all the Railways. An additional copy of Railway Receipt (non-negotiable) should be supplied to the sender for Sales Tax, Income Tax etc., purposes. For amounts of freight over Rs. 50/- the odd annas may be omitted and charges calculated to the nearest rupee for example Re. 0-7-9 to be left out, but Re. 0-8-3 and more to be brought to the next rupee.

## The Indian Chamber of Commerce,

Tuticorin.

### GENERAL

The railways are enjoying a monopoly in our country though they are an essential public utility undertaking. In reviewing the working of the structure of freights obtaining at present and in formulating the new policy, the revenue factor alone should not be the guiding principle. The larger and more important aspect of planned economic development as envisaged in the Second Five-Year Plan should also be kept in view. The entire background in which the freight structure operated hitherto has changed, thanks to the vigilant efforts of the Government, in all spheres of trade and industries. As such the position should be reviewed in the context of the present set-up of trade and industry, especially after the working of the First Five-Year Plan. In our opinion, telescopic rates on a continuous mileage basis introduced in the revision of 1948 for the first time, though sound in principle, have not done good to the trade and industry.

In fact short-distance traffic has suffered with additional imposts. Most of the commodities have been up-graded and the significance of special rates has been fully overlooked. In classifying commodities the value of the concerned goods and its capacity to bear the burden of freight have been ignored.

The quality of the services rendered in general by the railways has not improved in post-war years. Thefts and pilferages have increased. Considerable difficulties and delays are encountered by the commercial community in the entertainment and settlement of claims.

We would suggest in conclusion that when the revision of the existing classification is resorted, attention should be paid to the introduction of special rates to long-distance traffic in order to supply essential goods to developing industries and also food-grains to deficit areas situated far away from the production centres. Short-distance traffic now burdened by an increase in the burden of freight on account of the telescopic rates, requires relief by re-adjustment of rates in a suitable manner in the interests of the growing industries, export trade etc. We now proceed to submit answers to the questions for which we are in a position to furnish.

#### PART I-A,

Q: 1(a). In the revised general classification of goods effected in 1948, the number of

classes was reduced from 16 to 15. In the process of re-classification most of the commodities were up-graded by one class. Many of the scheduled and station-to-station rates which were in force previously were abolished, resulting in the general incidence of freight charges.

(b). The adoption in 1948 of the principle of telescopic rates on the continuous mileage over the different railways, has not benefited industry and trade generally. It might have been helpful to the movement of grains over long distances. But, the bulk of the movements confined to short-distances has only suffered, as it falls within the range of the first leg in respect of which the lower incidence of the telescopic principle is not available.

(c) The revised freight structure has affected the short haul and medium haul traffic by increasing the cost of short distance movement. The movement of the goods however continued due to the absence of alternative forms of transport.

Q: 2. (a & b) Although the present rating arrangements permit of flexibility to meet the legitimate needs of industries, the Railway Administration is generally not inclined to exercise the discretion in favour of a lower rate. Similarly, the facility of station-to-station rate granted freely previously, is not obtainable so now. The Railways can quote special station-to-station rates for particular commodities in order to encourage the development of new industries and stabilisation of the existing ones. Probably revenue considerations deter the officers to use their discretion to the maximum extent. In our opinion, as in the days of Company Management, the man on the spot should have sufficient freedom to vary the rates to suit the needs of particular trades and traffic.

Q: 3. (i), (ii)(a)&(b) There exist 15 class rates covering some 3500 commodities. Most of the commodities have been given a class rate, but only 80 articles have been allowed wagon-load scales. Wagon-load rates are available only for items which fall within the first 3 class rates. Greater encouragement should be given for movement in wagon loads and for that purpose, the provision of lower rates for wagon-load movements should cover a wider range than at present

As regards the number of 'legs' and the distance range in each of them suiting to the



needs of traffic, we beg to submit that these bear relation to normal movements of the bulk of the articles on Railways according to the present set-up of the trade and industry. The first leg in the existing schedule covers 300 miles, while the bulk of the movements will be over short distances only, viz., within a distance of 100 miles or so. To ensure maximum advantage of telescopic rates to most commodities moving over short distances the first 'leg' should not exceed 100 miles.

Q: 4. We consider that no change is necessary with regard to the existing practice of 'no charge beyond 1500 miles'. Under the present freight structure, a maximum rate has been fixed for each class rate, for two of the wagon-load scales out of 13 and for the coal scale. In our opinion it should be extended to the remaining wagon-load scales also. Movement of all essential supplies should enjoy the facility of a maximum rate.

Q: 5. Terminal charges have been defined as "a reasonable fee to cover charges for services incidental to the consignors or duty of a carrier, such as the working charges, repairs, renewals, and insurance of station buildings, sidings, sheds, platforms, warehouses, machinery etc., ground rent, loading and unloading, clerkage, weighing and checking of goods, stores, covering, portage and other labour of every description, shunting, gas and lighting, rates and taxes, risk of damage in loading and unloading, cartage, claims for compensation, etc., inclusive of profit." Based on the above, different terminal charges were levied on different Railways. Since 1948, however, there has been a standard tariff for terminal charges. As in the United States where the railway rates are understood to cover the full services which the carrier gives including terminal services, we consider that the system of levy of terminal charges should be abolished. In case the system is to be continued, it is desirable to adjust the basis of the levy to the actual extent of the services rendered.

**Short-distance charge:**—The continuation of this levy on general merchandise at 6 pies per maund after the introduction of the telescopic system of freight rating is altogether unjustifiable as short-distance traffic has to bear a relatively higher freight rate than traffic over a long distance. The plea of the high incidence of wagon occupation cannot sustain, as the turn-round of local wagons is much quicker and short-distance traffic largely moves in 'local wagons' of non-poolable type.

**Transshipment Charges:**—The Railways as a public utility concern (enjoying a monopoly) should see to it that the freight charges paid when a consignment is booked cover all the services incidental to the carriage of it from the loading point to the destination. In our view, there should be no transshipment charges being collected separately.

Q: 7. The minimum distance for charge was increased from 10 to 20 miles in 1948. Short-distance traffic has already been burdened by a higher rate of charge. No change is necessary. If at all anything is contemplated a restoration to the previous level is advocated.

Q: 8. Our Chamber is for abolition of the empty haulage charge of tank wagons to the loading stations.

Q: 9. The purpose of classification of goods is to determine the freight rate appropriate to different commodities, having regard to the characteristics of such commodities in relation to their transport conditions and their prices. To simplify the rate structure however, the practice of grouping under one head commodities which have similar transportation characteristics is adopted. This grouping of commodities and prescribing one class for a group as a whole results in a number of anomalies. It is advisable to resort to a re-grouping of the articles in a scientific manner after a detailed study of the problem by an Expert Committee.

Q: 10. Our answer to question No. 9 covers this also.

Q: 11. Moving traffic in wagon loads costs much lower than the cost of movement in smalls and hence the lowering of the rate for the same commodity offered in wagon loads is justifiable.

Q: 12. The present uniform rate of minimum charge for consignments in wagon loads at Rs. 1-12-0 per ton on the carrying capacity of the wagon does not commend itself to us. If it is to continue at all, then we would advocate the charge varying with the class of commodities carried.

Q: 13. Compared with traffic moving in wagon loads, movement of 'smalls' would result in less wagon-mile revenue. The users cannot grudge payment of a small increased charge varying with the class of commodities carried.

Q: 14. The minimum weight for 'smalls' carried by goods trains may be raised to 15 seers.

Q: 15. We do not find it necessary to group all commodities carried as 'smalls' by goods train upto a maximum weight in one class as, there are many practical difficulties in the adoption of the suggestion and as we fear it will ultimately lead to higher rate being charged for goods falling below the maximum weight fixed.

Q: 16. The present minimum weight condition for qualifying for a wagon-load rate has been fixed, after properly considering the capacity of the wagon. We are not in favour of the suggestion that the present class rates (which are intended normally to apply to small consignments) should be made applicable for wagon loads and that an extra charge for movement in 'smalls' should be levied. In fact a better utilisation of transportation capacity could be expected if an inducement is offered in the shape of reduced rate for quantities loaded beyond the minimum weight per wagon.

Q: 17. We agree with the suggestion to have 'train load rates' as a feature of the Railway freight structure in addition to the existing 3 types of freight rates. But, we fear there may not be many commodities for which merchants could offer goods in train loads. Of course, coal, cement, ores, textiles, etc., could be moved. In case it is not possible for a single trader to offer in 'train loads' should be made possible for a combination of some merchants to form a train load.



Q: 18. We are against any additional impost for express goods services.

Q: 19. There would be no objection to the levy of an extra charge for such facilities. It should be only nominal to cover the costs of the services rendered.

Q: 20. The conditions under which live-stock is carried are by themselves far from satisfactory. They should be improved.

Q: 21. We do not agree with the statement that the overall charge for 'short distance' is generally unremunerative. According to the new telescopic class rates the charge for the first 'leg' which covers the first 300 miles is fixed at the highest; there is the extra short distance charge for traffic moving for less than 75 miles. There is also the minimum distance of 20 miles for charge. All these cumulatively make good the unremunerative nature alleged.

We are not for placing any restriction on the carriage of short-distance traffic where there are alternative modes of transport available, as they are in most instances, uncertain, hazardous and costly. Hence, freight rates on short distance traffic needs no adjustment, in the absence of positive steps taken by Government to develop alternative modes of transport, viz., road transport and inland waterways.

Q: 23. We are not in favour of the formation of a freight pool even with regard to a limited number of commodities.

Q: 24 & 25. In view of the answer to No. 23, no suggestion to offer.

Q: 26. Any revision or modification of the present freight structure should be adjusted to the changed fiscal and economic conditions prevailing as a result of the implementation of the First Five Year Plan. Though some ground has been gained in the industrial sector, further expansion of industries will involve larger outlay and the cost of production will remain high in the early years. So, for various reasons, the cost of transport should be kept as low as possible.

Q: 27 & 28. The Railway Administration will be in a better position to furnish the answers.

Our Chamber had been requesting the Railway Board for grant of special reduced rates for pulses from Northern India to Tuticorin, as South India is deficit in pulses. Our repeated representations were of no avail.

Q: 30. We are for the revival of the station-to-station rates on a large scale so as to foster the development of new industries and the export trade. We have no objection to the Railways examining the requirements of each case and quoting station-to-station rates if circumstances warranted the same.

Q: 31 to 33. The rating policy should not be based only on considerations of the economics of transportation and the needs of Railway finance. The Railways should adjust their freight structure so as to facilitate and stimulate the needs of economic and industrial activity, as envisaged in the Five Year Plan. In adopting the above course, if particular industries require special assistance by way of concession in rates, the Railways should readily grant same, even

if there be a short-fall in their earnings, as gradual stabilisation of such industries is bound to result in increased traffic and additional earnings. We also advocate special consideration being shown for the economic development of under-developed areas. The State of Madras should come in for special consideration in all matters of industrialisation, as the Government themselves will concede that it has lagged behind as compared with Northern India.

Q: 34. Railways all the world over play an important part in nation-building. The construction of new lines in under-developed areas forms part of the responsibility of the Railways. Trade in these undeveloped areas will develop in the wake of opening up railway connections with the other parts of the country. In due course such new and seemingly unremunerative projects too will become paying ones. We do not agree with the suggestion for recovery of charges "on the basis of inflated mileage for a limited period so that the projects may not be financially burdensome."

Q: 35 & 36. Normal freight earnings could not be expended to finance the development needs of the Railways. The latter should be met by borrowings in the Public sector.

Q: 37. It is not advisable to afford discriminating treatment in the railway freight structure to small-scale industries, at the expense of organised industries.

Q: 38. The Railway administrations will be able to offer a satisfactory answer.

Q: 39. Under the present freight structure there may be certain commodities carried at uneconomic rates. But there are also others which are charged far higher than the actual cost of transport. A special study of the whole subject is desirable, so that a reasonable charge is made in respect of all commodities.

Q: 40. The 'low rated' traffic being in wagon loads costs the railways less to move and saves considerably wagon capacity. Being loaded at private sidings or at station dumps does not require such goods shed accommodation as the 'high-rated traffic'. The large additional traffic expected, especially the low-rated traffic, will contribute to comparatively large earnings and compensate the requirements of 'high-rated traffic'. The financial stability of railways will continue to be sound.

Q: 41. We would attach more importance to stable rates than accept introduction of an element of flexibility in the freight charges, as the disadvantages in interfering with the stable rates far outweigh the benefits likely to accrue.

Q: 42. The quantum of traffic carried by the Railways has no doubt increased resulting in increased earnings. Industrial and commercial activities have increased. Imports have been restricted by the Government. So, the movements from the ports to the interiors have gone down, exports have comparatively increased. Internal movements of finished goods, consumer goods, etc. have increased causing increased earnings for the Railways.

Q: 44. The important industries concerned will be able to furnish positive answers.

Q: 47. Our railway freight structure accords the benefit of a lower freight to agricultural products only when moved in wagon loads. Where the small agriculturist is unable to take advantage of this, it is advisable to club together several consignments and afford him the facility of wagon rate.

Q: 49 & 50. No doubt there will be an all-round increase in the movement of traffic. It is not possible at this moment to assess fully the volume and lengths of movement of existing traffic likely to be affected by the development envisaged in the private sector during the course of the Second Plan.

Q: 51 to 55. Frankly speaking this region consisting of the 3 southern districts of Tinnevely, Ramnad and Madura has not been fortunate to be fostered by Government in the matter of starting new enterprises. The 1st Five Year Plan is about to come to a close. At least in the 2nd Five Year Plan, it is hoped that the Government of India will develop a Deep-sea harbour here to facilitate the growth of industries and overseas and internal trade. It is hoped that other heavy industries too will be developed, so that this region could hope to keep abreast of other highly industrialised areas of our country.

## PART II

Q: 1, 2 and 3. The Railways shoulder only very limited responsibility even for goods booked at railway risk and the users find it very difficult to get their claims admitted even in respect of Rly. Risk-booked goods. Naturally the users are inclined to book their goods O.R. wherever such rates are available. Our estimate of the traffic booked at O.R. rates is more than 75% of the whole. The liability of the Railways in respect of goods booked at R.R. is limited. They are expected to bestow only normal care and they are not responsible for the loss, destruction, etc., of the goods committed to their charge. As such the railways do not act as insurers of goods booked at railway risk. If the loss of goods arises on account of running train thefts, or pilferage in transit no claim is allowed. Though the rates are higher for R.R., the general impression of the Users is that the goods are not handled with the maximum possible care. We would impress on the Committee about the need for the Railways in our country to shoulder greater responsibility and try to settle all claims promptly. Steps should be devised to minimise the risk of damage and loss and if the public are assured of better performance they will be naturally inclined to book goods at R.R. rates.

Q: Nos: 4, 5, 19, and 21. There has been a marked increase in the payment of compensation claims by the Railways after the last war.

The awful delays experienced in the settlement of claims, and the evasive replies furnished by the Railways to parties filing even reasonable claims, naturally drive the affected parties to resort to legal action entailing unnecessary expenses, worries and difficulties. In many instances, the parties prefer to waive their claims rather than waste their time with procrastinated and unfruitful correspondence. The following suggestions

are placed before you to enable early and prompt disposal of claims :—

(a) The claims department should be decentralised. The local Inspectors now invested with powers to settle claims up to Rs. 50/- should be given powers for a much higher amount, thus reducing the claims work accumulation at Headquarters leading to abnormal delays in settlement.

(b) Parties should be assured of prompt settlement of claims. There should be a time-limit of three months for claims relating to local traffic and six months for claims concerned with the movement over more than one railway. If some statutory obligation is fixed, the authorities will feel their propriety to deal with claims expeditiously.

(c) Claims Advisory Committees with representations for the trade and industry should be instituted, so that better co-operation between the Railways and parties will be ensured.

(d) A tribunal should be instituted on the lines of Income-tax Appellate Tribunal to hear appeals in all railway claims cases.

With regard to the steps to be adopted to meet the situation arising out of claims for compensation entailed by thefts, pilferages the chief course for the railway to adopt is improvement in the efficiency of their Watch and Ward Staff and more effective functioning of the Railway Police. It is necessary in the first instance to carry out the recommendations of the Railway Corruption Enquiry Committee.

Q: 8, 9, 10, & 13. Out of nearly 3500 commodities included in the general classification of goods about 750 commodities alone are granted owners' risk rates. The difference between R.R. and O.R. rates varies as between commodities. The proportionate difference between them should be brought down.

Q: 15 and 16. It is desirable to relax the existing packing conditions with a view to lower the undue costs to the users. In case packing conditions are proposed to be revised, the respective commercial bodies should be consulted and the normal trade practices too should be kept in view.

Q: 17 (a) and (b). The lack of warehouse facilities for storage of goods prior to despatch or after delivery results in congestion at important supply centres. Thereby considerable inconvenience and hardship are caused to Railway administrations and the commercial community. Instances are not wanting to show that delay in wagon supplies in Pepsu, Cawnpore etc., the chief supply centres for grams and pulses in South India, is abnormal and causing wide fluctuation in prices at the destination points in South India. Goods could be safely stored if there are warehouse facilities and even if there is unexpected delay in wagon supplies, goods will be safe and free from damage arising from changes of weather, continued storage etc. Government should make a good beginning in the matter and invite co-operation from the private sector also.

Q: 18 and 20. Our Chamber is not in favour of the continuance of Sec. 72 of the Indian Railways Act. As is obtained in other countries, the Railways should be treated as common carriers and they should be held

responsible for the safe carriage of goods, and should make good to the users the damages to consignments, non-delivery thereof etc. It is also necessary to specify the delivery of goods to be made within a time fixed (with due regard to normal time required for transport). Delays over and above the above limit should be accountable by the Railways.

Q: 19. Government alone should take suitable and stringent action to curb the incentive to thefts and pilferages. They should cause more effective functioning of the Watch and Ward staff. If necessary they should post special supervisory staff for the purpose.

### PART III.

Q: 1, 2, 3, 11 & 12. Sections 41 and 42 define the jurisdiction and functions of the Railway Rates Tribunal—under the Indian Railways Act. As at present constituted the Tribunal functions purely as a judicial body. It will be far more beneficial if the body is given wider powers to intervene in respect of revisions in freight rates, etc., according to the prevailing circumstances. If it is not considered advisable for the body to be

charged with the judicial as well as advisory functions the other alternative is to constitute a new committee with adequate representations for the trade and industry.

Q: 5, 6 & 7. It is desirable that the rules of procedure should be simplified, in the Tribunal to speed up the proceedings.

Q: 8 & 9. Under Section 84 of the Indian Railways Act the Tribunal consists of a President and two other members appointed by the Central Government. Due to the judicial nature of the body, it is appropriate that judicial qualification should be prescribed for membership of the Tribunal. In fact members of the Tribunal are High Court Judges. In our opinion, in order to enable the public to make use of the Tribunal in a wider manner, the number of members should be increased and their sittings should be arranged by turns, in all important cities like Bombay, Calcutta, Madras, Delhi, etc.

Q: 10 (a) & (b). The system of associating assessors with the Tribunal is an advantageous method of making available to the Tribunal the experience and knowledge of the trade and the Railways. It should be retained.

## Tuticorin Chamber of Commerce,

Tuticorin.

GENERAL.

A few suggestions for consideration by the Committee are given below:

1. **Rate:** A reduction in freight to and from Ports up to a distance of 100 or 200 miles irrespective of commodity and load may be considered. This will arrest to some extent movement by lorry. Seven Ports namely Calcutta, Vizagapatam, Madras, Tuticorin, Cochin, Bombay and Kandla may be selected for this concession.

2. **Liability:** Railway may charge Rs. 10/- extra for wagon loads only and accept all liabilities (such as theft, pilferage, derailment, breakdown, riot and civil commotion, fire, etc.) irrespective of value, distance and commodities. All claims arising from wagon loads and sundries can be met from this head. This will be beneficial to all classes of people and encourage movement by rail, since transport by other means is insecure. This will no doubt be an extra revenue to the Railway.

3. **Train load rates:** We are not in favour of this since it will benefit only a small number. Thereby this will also cause inconvenience to the others who have to wait longer to get empty wagons.

4. **Movements:** For commodities booked and registered to and from the ports mentioned above (for loading/unloading within port premises) top priority should be given,

in respect of wagon allotments and speeding up of wagon movements. This will encourage shippers to consign their goods by rail to catch ships and relieve port congestion.

(a). Daily express goods may be arranged up to a distance of 400 miles in all sectors to start from the ports mentioned in para 1 and other important places.

5. **Claims:** For purposes of claims each Region may be divided into three sections with independent claim settling officers. Thereby quick disposal of claims can be expected. This will be appreciated by commercial bodies. For example in Southern Railway, Madras, Tuticorin and Calicut may be selected.

6. **Smalls:** As the Railway is intended to serve the people, there should be no weight restriction at all but the minimum charge may be increased if necessary. However, perishables should be exempted from this increase.

7. **General:** Everywhere complete holidays are observed on all Sundays and public holidays. Therefore necessary instructions should be issued to all concerned not to place any wagon for loading or unloading on these holidays unless otherwise requested by the parties concerned in writing before arrival and allotment of wagon.

# The Virudhunagar Chamber of Commerce Limited.

Virudhunagar.

## MEMORANDUM

We, the members of the Virudhunagar Chamber of Commerce Ltd., Virudhunagar have great pleasure to accord you a hearty welcome to this town and thank you for giving this opportunity to represent some of the vital matters pertaining to the Railway freight structure and the Sethusamudram Project in general.

As a result of the 'Grow more food' campaign and with the completion of the First Five Year Plan, the country has almost at present attained self-sufficiency in foodgrains and the success of the scheme ultimately depends upon proper distribution of the produces throughout the country by providing speedy and cheap transport facilities without any restrictions whatsoever. In this respect we contend that the number of wagons available to meet our country's need is inadequate and frequent fluctuations in prices in the country sometimes are attributed to the non-availability of wagons to cope with the heavy demands.

Also we request to stress that the present classification of articles and rates into fifteen classes is too much and this creates complications whenever corrections are made and therefore the articles may be classified into five major heads viz. foodstuffs, oils and oil seeds, manures, raw materials and luxuries. If such radical changes are not possible, we suggest some alterations in the present classifications may be made. Cotton seeds may be clubbed among the list of oil-cakes since it is also a fodder for cattle. Commodities like chillies, tamarind, coriander seeds, oil, oil seeds and onions may be shifted to second class since they are just next to essential commodities. In the present classification no provision has been made for oils when it is loaded in wagon loads. To encourage cottage industries, articles such as safety matches, handloom cloth may be included in the freight pool. Fresh arecanuts booked by parcel train may be accepted at half parcel rate. In the present goods tariff the names of commodities are dealt in the alphabetical order irrespective of the class. We suggest such alphabetical order of commodities according to classes may be drawn for easy reference.

Besides the re-class of rates, the main thing to be attended to is the turn round of rolling stock which is at present far from satisfactory presumably due to the shortage of engines and locos in the railway.

The surcharge of one anna per rupee on the total freight for consignments under twenty maunds collected from poor merchants may be dropped or the present system of booking only ten maunds under one railway receipt may be removed as this is a clear indication that this is introduced with an intention to collect surcharge.

When compared with road traffic, the traffic by rails seems to be far behind and unless the number of wagons are increased and free bookings without any restrictions are allowed, the railway has to suffer

revenue. The railways are at present owned by the Government and as such it is not fair on the part of the railway administration to remain as a bailee alone and the Government should ensure safety for the goods in transit. If the Government feels that any additional charges are required for taking that risk, transit insurance at half percent covering the value of goods may be levied. In this connection we request to point out that the Government should not resort to increase the rates for taking such a risk but try to provide maximum benefit to the public at minimum rates and railway should be treated as public utility service and not as commercial enterprise of the Government.

Wherever railway links are not available Government should undertake auxiliary services of their own or arrange for the private agencies to function so that towns and villages that are not connected by railways may be benefited to some extent till the execution of the several schemes that are pending.

With regard to the proposed Sethusamudram Project we request to submit that such a navigable water way along the east coast of India from the Arabian Sea to the Bay of Bengal *via* Sethusamudram is very essential to our nation from the point of view of naval defence and that of, coastal trade. Obviously the steamers bound for Bombay—Madras—Calcutta need not touch Colombo port and as a consequence hundreds of miles will be saved and subsequently result in lower freight charges. The purpose of such a scheme will be incomplete if Tuticorin port is not developed into a major port with all facilities like watering and bunkering as at Colombo and the Sethusamudram route should be visualised and deepened as designed for use by all ships. From the commercial point of view also there is every justification that Tuticorin should have a fairly big harbour in view of its present volume of imports and exports in spite of the inconveniences and expenses caused in handling cargo and board the vessel lying anchored about five miles from the shore. Tuticorin is the natural outlet for goods from southern districts to Ceylon and other countries and foreign products intended to the far south can be canalised through this port more economically. In conclusion we request to point out that this port which has a fine natural harbour with calm waters in shore throughout the year is judged to be outside the cyclone belt. We welcome the measure and congratulate the Governmental authorities for their progress in the right direction.

We hope that you will consider our suggestions and do the needful before submitting your reports to the Government. We are happy that India Government has chosen you, an able, experienced and talented administrator as the Chairman of the above committees and we are sure that the recommendations of your committee will find more weight and the support of the mercantile public. We wish you all success.

## GENERAL

We like to place before you the difficulties experienced by the mercantile community after the introduction of the new system.

The merchants who export daily small quantities of different commodities to different places and also the farmers who have to send their produce for sale to proper markets are entirely depending on the Railway only. Unless and until their goods are daily moving, they could not continue their business since their financial equilibrium will be upset. Unlike big dealers, they are not in a position to send their goods in wagon loads or in lorry loads. Similar difficulties will be experienced by the consumers on the other end also, due to want of regular, daily supplies. If this system continues we fear, the small merchants will be forced to wind up their business in due course.

Furthermore it is stated in the above notification that in the present system free booking is allowed from any station to the other on nominated days. But, even now, in practice it is not so, since the merchants have to obtain the permission of the Movements Office concerned at every stage i.e., booking, clearing etc., even to stations within the jurisdiction of our Southern Railway such as Quilon, Trivandrum to stations via Palghat, via Arkonam, via Thiruchirapalli, via Katpadi, via Gudur, via Hindupur and to Bangalore and via.

Though the dealers pay at enhanced rates no consignment is accepted above ten maunds per RR. for Smalls. Over and above this a surcharge is also collected from them. Though the administration knows fully well that no surcharge is levied on consignments above 20 maunds as per present order the introduction of the above 10 maunds restriction is very regrettable and undesirable.

In order to avoid all the above difficulties even if the smalls booking merchants join together and register a wagon, paying the registration fee of Rs. 25/-, no doubt, in the name of one dealer, the same is not accepted on the plea, that only one commodity can be booked in a single wagon.

In view of the above facts the Chamber thinks that the administration is not in favour of Smalls booking and wants to discourage the same. Assuring our everlasting co-operation the Chamber feels that it is its bounden duty to place the difficulties before the administration when the rules and regulations imposed by the administration are hard and rigid. The Chamber also realises the difficulties of the administrative side also.

Amendment:—"When a wagon load of Smalls with sufficient maundage for a wagon is offered at any one station for TW, STW, TPW and SSV the same may be accepted freely on all days excluding the regulated points."

## PART I-A.

Q: 1. (a) In view of the difficulties felt by the merchants, commodities like chillies, tamarind, coriander seeds, oil, oilseeds and onions may be shifted to first or second class since they are just next to essential

commodities. Cotton seeds may be clubbed among the oilcakes since it is also a fodder for cattle. In the present classification no provision has been made for oils and full pressed cotton when they are loaded in wagon loads. A revised classification may be introduced to differentiate wagon loads and sundry loads.

Q: 2. Industrialists may be consulted.

Q: 3. Since the high rate of freight for oilseeds increases the cost of oils which affects very much the industry, they may be changed to first class under class rate.

Q: 4. The possibilities of extending the concession to some other commodities may be investigated.

Q: 5. The existing rates are quite right.

Q: 6. The existing rates shall be continued.

Q: 7. The rates are quite right.

Q: 8. Uniform policy throughout the country may be made either with or without haulage.

Q: 9 & 10. The present classification of articles and rates into 15 class rates 15 wagon rates is too much and this creates complications whenever corrections are made and therefore the articles may be classified into five major heads, viz. food-stuffs, oils and oilseeds, manures, raw-materials and luxuries. For instance, the parcel rates are in two kinds namely full parcel rate and half parcel rate and this rate system is very convenient to the public.

Q: 11, 12 & 13. The present system may be continued.

Q: 14. The minimum weight for a 'smalls' consignment carried by goods trains may be increased to ten seers against the present seven seers.

Q: 15. All commodities up to a maximum weight per consignment may be charged under one class for sundries within twenty maunds.

Q: 16. Metre gauge 300 maunds equal to broad gauge 600 maunds.

Upto 300 and 500 the actual rate. (But concession rate to be given to carrying capacity.)

Q: 16 (A) (i) Minimum weight condition according to the bulk of the commodity may be imposed.

(ii) Same as above.

Q: 17. It is desirable to have train load rates which must be a little less than the present wagon load rate and it is advantageous both for trade and for railway.

Q: 18. Yes.

Q: 19 & 20. The present system may be continued.

Q: 21. (a) Railway should not carry short distance traffic upto a distance of 20 miles.



(b) Yes.

(c) Yes.

Q: 22. The rates are higher.

Q: 23. A freight pool may be erected for coal, iron and steel, kerosene oil, petrol, cement, chemical manure and salt.

Q: 24. Yes.

Q: 25. An appropriate government agency.

Q: 26. Modification may be made.

Q: 27. No instance here.

Q: 28. No such requests made.

Q: 29. Favourable.

Q: 30. Agree with this suggestion.

Q: 31. Development of trade and industry may be taken into consideration.

Q: 32. Particular industries.

Q: 33. Yes, for heavy industries, Yes.

Q: 34. No.

Q: 35. By increasing the freight for other than foodstuff.

Q: 36. All reasonable charges.

Q: 37. Yes. By modification of freight rates.

Q: 38. Not to such an extent.

Q: 39. No such commodities.

Q: 40. The high rated commodities may be charged a little higher.

Q: 41. It is desirable to have stable rates.

Q: 42. No change.

Q: 43. No major difference.

Q: 44. May be referred to Industrialists.

Q: 45. The less the Railway freight the less cost of production.

Q: 46. No important commodity.

Q: 47. When there is sufficient weight for clubbed small consignments for wagon load, there should be no restriction to book and load them.

Q: 48. Nothing in this region.

Q: 49. Nothing.

Q: 50. Nothing.

Q: 51. Not known.

Q: 52 & 53. Not known.

Q: 54. Foodstuff and raw materials may be charged at low rates and the other things in high rates.

Q: 55. The number of class and wagon load scale rates may be brought down to the lowest minimum.

## PART I.B.

## GENERAL

As far as groundnut oil is concerned the volume of production in our locality is upto 36,00,000 lbs. and that of gingelly oil is upto 7,08,000 lbs. for a year. With regard to market fluctuations there will be a difference of eight annas or one rupee in the rise of prices during sale of a tin at other markets.

## PART II.

Q: 1. (a) No.

(b) When there is an alternative rate the traders always like to book commodities at owners risk except at very rare circumstances they book at railway risk rate for piece goods.

Q: 2. (a, b & c) very rarely.

Q: 3. Very rarely.

Q: 4. (a) Grains and pulses.

(b) Not much.

Q: 5. (a) (i) 75%

(ii) 10%

(iii) 15%

Q: 7. (a) Practically nothing.

(b) Owners' risk rates may be abolished.

Q: 8. Same as above.

Q: 9. Same as per 7-(b).

Q: 10. Only railway risk rates are to be retained.

Q: 11. Yes.

Q: 12. It is desirable to lower only railway risk rates.

Q: 13. No.

Q: 14. Yes. But owners' risk rates may be abolished.

Q: 15. The packing conditions are to be so imposed that unnecessary strain should not be given to the public for booking at railway risk rates.

Q: 16. Same as above.

Q: 17. (a & b) Warehouse facilities are to be given by the railways.

Q: 18. (a & b) No. The railway should assume the charge of protector and common carrier of all goods.

Q: 19. It is enough if the wagons after loading are reviewed properly when undamaged and theft proof wagons are not utilised.

Q: 20. No. additional amount need be paid if packing conditions are stressed upon and correct type of wagons are supplied.

### PART III.

Q: 1. (a) Widening of the functions.

(b) Yes.

(c) No.

Q: 2. Yes.

Q: 3. & 4. No.

Q: 5. The Tribunal may be urged to dispose off cases as expeditiously as possible.

Q: 6. The rates may be reduced.

Q: 7. The public should be made known of this procedure through press.

Q: 8. No.

Q: 9. An increase is suggested.

Q: 10. Yes.

Q: 11. Yes.

Q: 12. No. The Railway Rates Tribunal with some modification may exist.

## The Kanara Chamber of Commerce,

Mangalore.

### PART II.

Q: 1. (a) To our knowledge, 99% of the goods are transported by railways on O.R. considering the value of the goods. Still, this question can be best answered by the Railway administration, looking into the available statistics.

Q: 2. (a) It is very rare that goods in transit on Railways are got insured by private insurance companies.

Q: 4. (a) We feel that there is a decrease, of late, though the position was rather bad during 1945-50. The position looks to be better in 1950-55. In this region, claims are generally in commodity like sugar, that too when we get the consignments from North Indian stations.

(b) While prices are nearly four times in the case of sugar, the volume of traffic has increased, nearly two times, compared with the pre-war period.

Q: 5. (a)

(i) at times 2% of the value of the consignment.

(ii) no knowledge.

(iii) no knowledge.

(iv) This is a major factor in the Railway administration. Merchants are always at the mercy of the Railway Administration. The delay in transit has several times been responsible for the loss to be sustained due to fall in prices. But it has to be mentioned that, at times, delay has given better margin to the users due to the usual fluctuations in the market. Here it should not be mistaken that the delay would benefit the trader as scarcity would be created in the market. If at all, benefits will be realised only on

goods on hand and certainly not on the goods in transit. In conclusion, we have to say that the efficiency of the railways in moving the goods quickly to the market, has much to do with the stabilisation of the market, preventing undesirably violent fluctuations in the market, spoiling the economy in the private sector.

(v) Though, of late, we have seen some improvement, the rough shunting has been responsible in loss of value in commodities like oil, packed in tins as well as drums, in which case the Railways are not allowing any claim taking shelter under the rules for defective packing, (of course the transport being at owner's risk). The percentage can be placed at 1/2% of the total value of the goods.

(vi) no idea.

(vii) Where owner's risk is preferred, the consignments of rice when despatched in second hand gunnies, are always subject to damage due to rough handling, because handling is generally arranged by the owners.

(b) As already stated, claims are not made generally, in the above cases, but are borne by the trade. Traders have not taken considerable advantage of the new provisions.

Q: 7. (b) Narrowing down the difference in rates between O.R. rates and R.R. rates, will help improve matters much and in our opinion the improvement in revenues due to the higher rate being preferred, will provide for the undisputed payment of claims. The existing new provisions of course, have never been disadvantageous to the Railways while it has provided more security to the users.

Q: 8. In the cases of certain commodities like sugar and tea, the railways insisting on R.R. rates and leaving no option to the user, has been of much benefit. But in certain commodities like gramflour despatched from Bombay to Mangalore, we have found absence of option as mentioned above, which have been found rather not necessary as they have only resulted in the cost of the commodities rising up. Perhaps there are practically no instances where claims have been preferred in respect of these commodities.

Q: 9. We are not able to understand why a difference should be made between one commodity and the other when there is already a difference in the ordinary rates. A flat surcharge for all commodities to cover railway risk will perhaps be most reasonable. This surcharge can very well be in the shape of percentage of the ordinary rate and this will be most scientific in our opinion.

Q: 10. We would not desire withdrawing the alternative O.R. classification. On the other hand we would desire relaxation of compulsory R.R. risk transport, leaving option to users to have their choice, especially in the case of wagon loads.

Q: 11. No knowledge.

Q: 12. We do not desire a change where only R.R. rates should be charged. This will impose a heavy burden on the marketing of the commodities, with the result either the producer or the consumer will be hard hit.

Q: 13. No knowledge.

Q: 14. No knowledge.

Q: 15. The present conditions for packing for R.R. rates may be continued.

Q: 16. As far as grains trade is concerned no change is felt necessary due to the

existing conditions of availability of packing materials in the country.

Q: 17. The subject of storage facilities at the goods yards has been perhaps, neglected most in the Railway's improvement schemes. Arrangements are to be made for keeping at least wagon-load goods at the Railway premises. Proper care and attention will have to be paid to the goods so kept at the station premises.

Q: 18. (a) No knowledge.

(b) The railway taking responsibility as insurers of goods, will provide maximum security to the users of the railway. There have been instances where individual users have been hard hit due to absence of this provision. The loss to the railway due to the insertion of this provision will be just negligible.

Q: 19. Majority of the thefts and pilferage take place at most of the North Indian stations. We understand there is lack of facilities of proper lighting even at the big station yards in North India. Watch and Ward will have to be much tightened. More vigilance will have to be exercised at transshipment stations.

Q: 20. As already stated, if the loss is to be viewed under the existing conditions when the Railways are paying compensation claims the additional loss due to the Railways assuming responsibilities as common carriers, can very well be estimated as negligible. Here we would like to give an example. A Madras dealer was refused any compensation on the loss of two wagons rice, lost during the Andhra disturbances, prior to the formation of Andhra State. Naturally, it would not have caused a big drain on the resources of the railways if the compensation were paid, had there been the railways' responsibility of being insurers of goods carried by them. In this case, the absence of the particular provision, has resulted into the unbearable losses to the individual users for no fault of theirs.

## MYSORE

### The Mysore Chamber of Commerce,

Bangalore.

#### PART-I A

Q: 1. (a, b, & c, & Q: 29. The revised general classification of goods brought into effect from October, 1948, had amongst its objects the simplification, uniformity and rationalisation of the rate structure of the Indian Railways. The system of telescopic rates based on continuous mileage irrespective of the different systems of railways on which the traffic passed, secured these objectives to some extent.

Apart from this, the basis of rates and their scales were substantially enhanced at the time to meet the increased working expenses which Railways had to face in the post-war period. The advantages of the revision were that some of the major anomalies of the old rate structure were removed making the new system less complicated. The full benefit of distance was derived by traffic passing through long-distance on different Railways.

But the great increase in rates simultaneously, which in some cases was as high as 300 to 400 per cent, has acted as a heavy burden on commerce and industry. Moreover, with the introduction of this new system, the large number of old station-to-station and other concession rates then in existence were abolished and this had the effect of further increasing the overall rates on traffic steeply, as, after the revision, the Railways have not exercised, to the extent as before or as necessary, their discretion and power of granting new station-to-station rates. There has been an increase of over 90% in the general overall level of rates on Indian Railways since 1938-39. That the increase in rates erred on the side of too much caution for railway finance is proved by the fact that despite the very steep and almost progressive increases in working expenses that has characterised railway operation in post-Independence years, the

railways are still deriving substantial revenues to yield adequate surpluses. So, while the revision has had some advantages as far as the rate structure is concerned, the upgrading of rates has had the effects of increasing the incidence of transport charges on goods substantially. Adequate relief from this heavy incidence of rates is necessary in the interests of economic development of the country.

Short distance and medium distance traffic have been adversely affected particularly due to the increase in rates, their being unable to derive the benefit of telescopic rates, the levy of short distance charge and higher terminal rates.

Q: 2 and 28. *The flexibility of Rates:*

There is nothing inherent in the present rate structure militating against the needed flexibility in rates to meet the varying and legitimate demands of traffic, provided the Railways are willing and ready to quote special reduced rates whenever the legitimate needs of the traffic require them. The experience of the commercial community so far has been that the Railways have not been sufficiently responsive in this direction and that the rate structure as such, instead of being flexible, has become more or less rigid. Frequent complaints have been made that the station-to-station and other concession rates quoted by Railways have not been on a basis commensurate with the requirements of traffic in a growing and expanding economy and that many reasonable requests for reducing the rates have not received due consideration. The fact that the number of station-to-station and other special rates now quoted are so few and their proportion so low compared to what they were before the revision of October, 1948, shows that the response from Railways has not been adequate, considering the needs of traffic. It may be added that the Indian Fiscal Commission (1949-50) also referred to the desirability of "a more liberal use of station-to-station rates".

Q: 3. The number of class rates prescribed at present are adequate and serve fairly the needs of traffic. The number of wagon-load scales seem however inadequate considering the large number of commodities that have to move long-distances on our railways, particularly low prices commodities which cannot bear the heavy railway freight. It would therefore be necessary to introduce more wagon-load scales than at present specially for traffic in commodities which move long distances in particular region or regions or in the country as a whole.

In regard to telescopic rates, there are at present three legs, two for 300 miles each and the third for distance beyond, subject to a maximum per maund in each case. There should be a third leg for 200 miles and another fourth leg with a lower basis of rates for another 300 miles, subject to a maximum beyond.

Q: 4. The Chamber cannot agree that traffic beyond a distance of 1,500 miles is carried without a charge at present. This carriage of traffic free is only apparent. The rates for distances upto 1,500 miles, which incidentally represents nearly 5 times the length of the average lead of goods traffic

on Indian Railways are covered by the rates charged for 1,500 miles. In other words, the maximum that has to be got from the commodity for its transport has been realised within the 1,500 miles and there is no justification for charges being made for carriage beyond, unless the rates within 1,500 miles are lowered.

Q: 5. *Terminal Charges:* The system of terminal charge in India was generally based on the English Law prior to the passing of the Railways Act of 1921 there. With the introduction of the Act the position in U. K. changed whereas in our case, the old system is continuing with few changes. The Railway Amendment Act, 1949, did not in any way change the system of terminal charges in order to adopt the more advanced and rational method which was introduced by the Railway act of 1921, in U. K. The system of terminal charge was not also revised in the general revision of rates in 1948. The position therefore, is that in respect of terminal charge the old anomalies continue. Strictly speaking, the charges for carriage should also cover terminal services apart from special terminal services. This is the procedure on railways in U. S.

The terminal charge may be analysed into the elements of station terminals, service terminals and charges for other special facilities. In the terminal charges in India, no distinction is made between station and service terminals and a uniform charge is generally levied. The terminals are the same on different commodities except in cases of very low class traffic such as coal or grains. The terminals do not vary according to the services provided at stations. The terminals as now charged are irrational and do not bear in most cases any due relation to the actual service which the railways render. The system of terminal charges should therefore be revised so as to levy a small charge for station terminals and a separate charge for special services. Special terminals should only be charged when extra facilities are required or rendered. The scale of present terminal charge should also be reduced.

(ii) *For haulage of less than 75 miles:* With the introduction of telescopic charges based on continuous mileage there is no justification for the levy of separate short distance charge as the necessary charges have been included in the scales prescribed for the first leg of the telescopic rates. The present extra charge for short distance is not therefore justified and is operating as a very heavy burden on such traffic. It should be withdrawn.

(iii) *Transshipment charge for break of gauge:* The levy of a separate transshipment charge in addition to the conveyance charge cannot be strictly justified. The telescopic charges for distances are based taking into consideration the existing conditions of traffic on the railway system as a whole. This naturally presupposes that transshipment and other such business incidental to the conveyance on the railway system have been provided for. In view of this, a levy of a separate transshipment charge is not justified. The existing scale of transshipment charge is also heavy and should be reduced if it cannot be immediately abolished.

Q: 6. The present distance limit of one mile as a unit for charge should in practice be only nominal. The minimum distance may be increased, say to 10 miles.

Q: 7. There is no need for altering the existing minimum distance for charge of 20 miles for goods traffic.

Q: 9 & 10. The present general classification of goods does not radically differ from previous classifications. It has been gradually evolved over a number of years being modified to meet the conditions of traffic in this country. In view of this, the present classification serves, in the opinion of the Chamber its purpose fairly well subject of course to changes being made in the individual classifications when the changing economic and other conditions call for them.

The present arrangement whereby a number of commodities has been grouped together is rational and may be continued. In fact, grouping together of commodities of similar "transportation characteristics" renders the classification less complex and elaborate and is also the procedure followed in the classifications of other foreign railways.

In this connection, it may be added that the classification of commodities is a rough and ready guide for basing a system of rates. In the words of the Inter-State Commerce Commission of U.S., "Classification is not an exact science; nor may the rating accorded to particular articles be determined alone by the yard stick, the scales and the dollar. At best it is but a grouping and when the approximation resulting from it is not found to cause the exaction of unreasonable discriminatory charge it will not be disturbed". Thus, classification is largely empirical and when by experience it has been found to serve fairly the needs of traffic, there is no necessity for any general revision of it, provided the necessary flexibility is obtained through the adoption and quotation of station to station and other concession rates to meet the necessity in each case. In all countries such exceptional rates form the predominant part of the rates tariffs. In the U.S.A. alone 85% of the traffic moves on such rates accounting for over 77% of car-load revenue.

Q: 13. The present uniform rate of minimum charge of Re. 1 for 'smalls' need not be revised. It however seems reasonable to vary the minimum charge with regard to class of commodities charging a lower rate for lower class commodities.

Q: 14. The minimum weight for 'smalls' consignments which is at present 7 seers may be increased. In the case of goods traffic it may be increased to half maund or 20 seers.

Q: 15. The system of a uniform rate for 'smalls' below a fixed maximum weight cannot be worked out unless the existing rates are stepped up in which case the incidence on lower categories of traffic or on commodities of small value will be greatly increased. Besides, this may lead to higher class of commodities being in many cases directed into a number of consignments despatched as 'smalls' rather than as wagon-loads to avail of the advantage of lower rates. There seems to be therefore

no special reason for the adoption of this proposal.

Q: 16(i) The 'W' condition has been fixed taking into consideration the average accommodation available in wagons and the nature of the commodities to be loaded in them. To ensure better utilisation of wagon-load, this 'W' condition will have to be fairly high so that the scope for exceeding substantially the 'W' condition in actual working is not generally much. Besides, the changing the 'W' condition from time to time introduces a certain amount of uncertainty in regard to rates and militates against its simplicity. In view of this, the Chamber is not in favour of this suggestion, except in special case where the existing minimum is clearly found to be low.

(ii) The Chamber is not in favour of this. Commodities moving in wagon-loads require lower rates and such rates must be more generally made available in the interests of traffic.

(iii) Quoting a reduced rate for quantities loaded beyond the minimum fixed is a measure that may be tried as it will encourage better loading and fuller utilisation of the wagon space on the part of consignors. A procedure like this used to be in force on Indian Railways prior to the war-time. It is also in force on some foreign railways.

Another suggestion that the Chamber has to make in this connection is that wagon-load rates may be made more generally applicable to 'composite loading' i.e. loading by two or three different consignors or booking of different commodities falling under the same wagon schedule.

Q: 17. It is no doubt feasible to have 'train load rates' as a feature of the railway freight structure in addition to the existing types of freight rates. It may however be added that in the present state of economic development in the country, the prospects of there being large number of consignors availing of these rates are very limited. This may be availed of only by very large industries like the Iron and Steel Works, Fertilizer factories etc., which get their raw materials in train loads from distances. The volume of this traffic compared to the total volume being small, it would not seem necessary to introduce the special 'train load rates' in addition to the existing type of rates as a general measure. The requirements of particular industries can be met by the extended application of special 'train load rates' when required.

Q: 18. In the view of the Chamber, it is reasonable that there should be additional charges for special express goods services. It is however very necessary that the increased charges should be small and should not in any case exceed the actual extra expenditure necessitated by the system of express goods services. This should not be availed of as another source of augmenting revenue over and above the actual expenses needed for this.

Q: 21. (a) The Chamber does not agree that the overall charges for short distance traffic are generally unremunerative but



only comparatively less remunerative than 'long distance traffic.'

With regard to suggestion that such traffic may be carried by alternative modes of transport, the following points require consideration:—

In the present stage of development of road motor and water transport in this country there are not, strictly speaking, suitable alternative modes of transport. These transport agencies have not developed to the extent necessary to meet the needs of traffic in a regular and efficient manner. Secondly, unless a proper co-ordinated system of transport has been brought into existence, with through rates and arrangement for interchange, the allocation of some categories of short distance traffic exclusively to other modes of transport on the basis of distance is not practicable.

The principle, however is a sound one and necessary steps to bring it into force and introduce a co-ordinated system of transport is one of the urgent requirements of our country. It may also be added that movement of short distance traffic on other modes of transport would require suitable machinery to ensure that rates quoted therein are reasonable and such as the traffic can bear and that this diversion will not mean restricted or uncertain facilities or increases or enhancement in rates etc. There should also be, as is the growing practice in Europe and America, dual-purpose equipment to facilitate transfer in bulk of traffic between railways and road transport. There should also be through booking of traffic between railways and road transport. There should also be through booking of traffic between different means of transport for a through rate. Without these facilities, there is no possibility of diverting 'short distance' traffic to roads or other means of transport without inconvenience and hardship to existing trade and commerce.

(b) If a properly regulated system of co-ordinated transport is introduced, special categories of traffic may be exclusively allotted to particular modes of transport best suited to render efficient and economical service in that sphere. In the limited sphere in which it is permissible to carry traffic by more than one means of transport, freight rates may be adjusted as suggested, subject to the condition that the existing rates are not increased thereby.

(c) A similar policy is all the more necessary in the case of coastal shipping. It is a well-known fact that at present Railways are unable to handle the volume of traffic offering and one of the effective means of increasing the transport capacity would be to avail to the fullest extent of the facility of coastal shipping. There is great scope for this particularly as coastal vessels could be provided at less cost and more quickly than new railways. It is the opinion of this Chamber that, at present, the potentialities of moving traffic by the coastal steamers have not been explored to the full extent possible and availed of. It should be a policy of the railways to encourage co-ordinated movement of traffic on coastal steamers subject to the condition the rates are not increased on such traffic.

Q: 28. In the case of essential commodities needed in different parts of the country, those regions situated at long distances have to pay a high freight and are thus at a disadvantage. The formation of a freight pool in respect of such commodities will no doubt be a great advantage to the manufacturing and other industries situated at long distances. The Chamber feels that a beginning may be made by setting up of such pools in respect of one or two essential commodities. Whether the traffic moving over a minimum distance should be excluded from the freight pool, when formed, depends on the commodities selected, the proportion of this traffic to the total volume of traffic in the commodity and other such condition. If the short distance traffic forms comparatively a large proportion, it should not be excluded.

The Chamber suggests that a beginning may be made with setting up a freight pool for coal, iron and steel in the first instance. In the beginning, a pilot scheme may be worked out. Coal is essential fuel required for industries. Industries situated in South India and other places away from the collieries have now to pay a disproportionately heavy freight. A coal freight pool has advantages in working in that the consignors are limited in number, and Government owns some of the collieries. The Chamber suggests that the pool should be worked by a small Board consisting of the Railways, the industries concerned and in appropriate Government Agency. This Board should work under rules statutory or otherwise fixed for them. The pool will of course be operated by a permanent staff necessary for it and guided by the policy and rules prescribed by the Board.

Q: 27. The Mysore Iron & Steel Works, Bhadravati and The Mysore Sugar Factory at Mandya are two major industrial concerns in Mysore which get raw materials from short distances on railways, though in the former case large area is served by their own steam tramways. These two factories have represented that, the rates given for 'short distance' charges, for transport of their raw materials now are very high and that due consideration has not been given to their request for reduced rates. This request of these factories seems reasonable and is a matter that requires favourable consideration.

Q: 31. This raises the large question of railway rate policy. The freight rate policy of railways should, as is well-known, be based on the twin principles of (1) the cost of transport or the cost of service and (2) the value of service or the ability of the traffic to bear the charges. The rates, in the words of the Inter-State Commerce Commission, should "be so apportioned as to encourage the largest possible exchange of products between the different sections of the country and with foreign countries". In other words, the rates should be based on the principle of largest possible turn-over of business with minimum profits. The rates should be such as will enable railways, under "honest, economical and efficient management" in the words of Inter-State Commerce Commission Act, U. S. A., to earn sufficient revenues to cover working expenses, depreciation charges, interest on capital and yield in addition to a fair return.

In our country with its under-developed economy, it is necessary that the railway rates should be "developmental rates" on a much larger scale than in advanced countries. The railways should quote concession rates to new industries and to the establishment of new ones in under-developed regions. It has been recognised in U. S. A. and some other countries that special rates and facility to encourage a wide dispersal of Industries in different parts of the country are measures which railways may legitimately and justifiably adopt.

Q: 32. The railway freight structure should be utilised to assist the development of particular industries or other economic interests subject, of course, to the condition that there should be no "undue discrimination" as defined in the Railway Act.

The heavy railway freight is one of the big problems facing the mineral producers today. In this country, the railway freight varies from one part of the country to the other. For example, the freight paid in Madhya Pradesh and Vizag area is very favourable compared to the freight paid from the nearest railway station on the metre gauge railway in Mysore area to Madras and Bombay. A telescopic rate with a sliding

scale to any port is worth examining. Instead, a fixed rate may be levied for Manganese ore irrespective of the distance and this will give the same advantage to all producers of the mineral regarding freight.

Manganese Ore in this country is mostly an exportable commodity, a foreign exchange earner. The intention of the Government also is to encourage exports. But in the international field, there are powerful rivals to us like Russia and Brazil. Therefore, the position of the mine-owners who produce the ore at great risk and expense to himself should be strengthened by some means. There are several ways of doing all and one of them a very important one is reduction in freight to enable him to compete with producers of other countries in the international field.

The cost of production at Pitsmouth as also F.O.R. forwarding and other costs from mine to mine, will vary according to the distance between the mine head and the railhead as also the quantity of ore won. For purposes of costing 6,000 tons per year is the least economical.

The following figures give an idea of the cost of production in Mysore area :—

*Working cost per ton of Manganese at Pitsmouth in Mysore area.*

	Rs. a. p.
12 men at Rs. 1-8-0	18 0 0
15 women at Re. 0-14-0	13 2 0
Explosives	4 0 0
Chipping and Sorting charges	5 0 0
<b>Total cost of production at Pitsmouth</b>	<b>40 2 0</b>

*Pitshead to Railway station :—*

If it is within a radius of 14 miles, it will be Rs. 21 per load of 4 tons or Rs. 5-4-0 per ton.

	Rs. a. p.
Loading & unloading charges	5 4 0
Average stacking rent	0 12 0
Travelling, Supervision & over rate charges, analysis, and sampling	0 8 0
Royalty, deadrent	5 0 0
	5 0 0
	<b>16 8 0</b>

If the unitage is increased to the Railway Station, the cost will go still higher.

In Mysore State, the average grade is mostly 38%, 40% and 44% for export. In one or two mines, it may be 46 to 50%, but this is negligible. Taking 40/44% as the average quality the cost F. O. R. Nittur or Bagalore per ton is

	Rs. a. p.
Railway freight	55 10 0
Port and other charges	18 0 0
	7 8 0
	<b>82 2 0</b>

and for Chitaldrug and Shimoga areas, the expenses will be more.

Q: 33. As stated above, the Railways will have to give special inducement for the development of industries and other economic activities in areas or regions which are at present under-developed. This itself is in the larger interests of the railway itself from a long range point of view as the development of traffic on all its sections will result not only in increased traffic but in a more equitable distribution of it with beneficent effects on the operation costs. In case of industries to be newly started all reasonable concessions in rates may be given subject to the proviso of "undue discrimination" or prejudice to existing industries.

It is difficult to state categorically to what industries this special concessions should be given. It depends on the nature of the industries to be started, the area where it is proposed to be started, its necessity, prospects of the industry becoming a paying concern in the near future and various other operational considerations. In a planned economy however it should be presumed that the distribution and the location of industries would have been fixed taking into consideration the above mentioned conditions. In these cases it will be necessary to draw a line between industries to which special railway inducement will have to be given or those which, being in the nature of developmental project not likely to pay for an appreciable time, will have to receive other kinds of encouragement for their establishment and operation from State or Central funds.

Q: 34. Charging inflated mileage on new lines in which traffic is light has not been found by experience to be a practicable proposition. The fact that a new line runs in a territory which cannot support it shows that it is economically not sufficiently developed and that traffic offering is therefore limited. Charging inflated rates will further limit the volume of traffic and with the repercussions on railway revenue.

In this connection, it may also be stated that due to the great changes that have occurred in the realm of transport, railways are not the only means of fast inland transport. Motor transport especially with the technological developments that have taken place is capable of providing equal, or in some cases, even greater facilities than railways particularly for short distance traffic and in areas of light traffic. A co-ordinated system of transport with necessary equipment and facilities for exchange and through booking between different modes of transport will obviate the necessity for construction of unremunerative railways in regions of light traffic.

Q: 47. The small agriculturist has no doubt great difficulty in disposing of the produce by rail. It will not be practicable to make available special rates for consignments booked as 'smalls'. The railways can, no doubt, help them by providing more Warehouse facilities for temporary storage of produce, but the real solution of the problem lies in developing a suitable marketing organisation on co-operative or other lines. When this is done, it will be possible for agricultural produce to be booked in wagon-loads thus getting the advantages of wagon-load rates without unduly affecting railways. In such cases all facilities and concessions should be

given to enable the association or co-operatives to consolidate small consignments into wagon-loads and book them as such,

## Part II.

Q: 1, 8, 9, 10 & 11. The railway risk rates are not uniform and vary considerably with different classes of commodities. This want of uniformity is inconvenient and operates to the disadvantage of traders. It should also be added that whenever there is an alternative owners risk rate, the dice is so to say, loaded heavily against the consignor. The tendency on the part of railways and railway staff is to place a premium on the booking of commodities on O. R. to escape the liability for loss, damage etc. In cases where O.R. rates are allowed, the difference between the Railway and owners' risk rates is large and such as to induce the consignors to book at O. R. rates. This has been to a large extent responsible for the heavy claims and the dishonest practices on the part of staff. The difference between actual railway and owners risk rates does not seem to be based on any intelligible principle. It should normally only be such as to cover the extra risk involved in transportation. In the words of Wedgewood Committee, 'the difference must fairly reflect the amount of risk involved.' They also expressed the view that 'the Indian trader has some claim for consideration in this matter and that the railways could meet his wishes without serious sacrifice of revenue.' Despite the changes made subsequently the position has not much improved. The factor of risk is one that can be fairly appraised exactly. In the words of the Federal Co-ordinator of Transportation U. S., "It ought to be treated for what it is insurance against risks incident to transportation. This can be accomplished in one or perhaps a combination of two methods. It can be ignored and treated as a common overhead of all transportation or it can be separated from the transportation rates and priced separately as an insurance premium is priced."

The Chamber urges that the difference between owners' and railway risk should be based on this principle and should thus bear a much closer relation to the actual risks involved than the rates at present do. It will be seen that at present the railway risk rates are very heavy and are sometimes as much as 20-25 per cent higher than owners' risk rates. As an instance may be quoted: The rate on coal which is at R.R. is 20 per cent. higher than O.R. rate. No doubt this high rate has been fixed on account of the liability of coal, mostly carried in opens, to pilferage etc. It is the duty of the railways to make necessary arrangements to see that such pilferage does not occur. What the railways have now done is to pass on the whole burden on the consignor by a heavy charge and this seems indefensible. The suggestion therefore is that owner's risk rate should continue and should be available for booking commodities for which railway risk rates are available at present. But the difference in rates should not be more than what is required to cover the insurance risks that should normally be involved in the transportation of particular commodities.

Q: 4. *Compensation Claims:* There has been an enormously heavy increase in the payment of compensation claims by railway

since the last war. The amount paid during the latest year reported viz. 1953-54 is nearly Rs. 2.9 crores against over Rs. 34,000 paid during the two pre-war years. Though the amount paid has been decreasing from the peak figure Rs. 4.08 crores in 1949-50 which was about 95 times over what was paid in 1938-39, the decrease has comparatively been slight. The claims figures have been remaining at a steadily high level.

## PART II.

Q: 12. The Chamber is not in favour of this suggestion. The result of the adoption of a system like this may be that pressure will be brought to bear on consignors to contract railways out of risks which should be their normal and legitimate responsibility. In this connection reference may be made to Sec. 20(ii) of the Inter-state Commerce Act of U. S. A, which specifically lays down that a railroad shall be liable to the holder of a receipt for full actual loss, damage or injury to property caused by it and that "no contract receipt rule, regulation or other limitation of any character whatsoever shall exempt such.....railroad from the liability hereby imposed." Our system is different and allows railways to contract out of their liabilities to some extent. The scope of this, already wide should not be extended.

Q: 13. The Chamber is of the opinion that relaxation in packing conditions should be allowed only to the extent that is absolutely consistent with safety.

Q: 18 (a) & (b). According to the present Railway Act, the responsibility of railway administration in India for loss, destruction or deterioration of consignments and animals delivered to them for carriage is that of a bailee as provided for under the Contract Act of 1872. In some foreign countries also, the responsibility of railway is somewhat analogous.

In U.K. however, the railways being common carriers, have virtually become insurers of goods carried by them. A measure like this would be no doubt a great facility and advantage to the traders and to the commercial community at large in our country. If in the present conditions of operations with inadequate staff wrong practices which have almost become traditional, prevailing corruption, want of adequate technological efficiency in handling goods etc. the railways have to become common carriers, their financial liabilities would be immense. This cannot but have serious and adverse repercussions on railway finance and on rates. Under the present circumstances, the Chamber does not consider it practicable for the railways to assume the responsibility of a common carrier, however desirable it may be on other grounds. The Chamber however suggests that it should be the aim of the railway to set their house in order and create conditions favourable to the assumption of additional responsibilities, more than that of a bailee. This should be done as expeditiously as possible and perhaps a time limit should be fixed for it. Till then the existing responsibility alone will have to continue. The Chamber, however, feels that if honesty of staff and efficiency in handling and transport is attained, facilities for private insurance of goods will be greater and more adequate and the public demand

for railways assuming greater responsibilities will not be so insistent.

Q: 21. From the detailed figures given above and from Chapter 7 of the Report of the Railway Corruption Enquiry Committee as also from reports of the several officers deputed by the Railway Board for the purpose, it will be seen that the position in regard to payment of compensation claims is very serious and urgent. Effective measures are necessary in the interests of the commercial public and trade to reduce the amount of loss, damage, theft and pilferage of goods on railways. Most of the reports referred to above make it clear that more than 80 percent. of theft, pilferage, loss etc. is due to negligence or misconduct on the part of the Railway.

It may also be stated in this connection that the traders and consignors are put into considerable difficulty in the matter of preferring their claims and having their damages assessed. The Railway staff even including Inspectors and others, place many unjustifiable obstacles in the way and great difficulty is experienced in getting loss or deficiencies duly surveyed and assessed. There is also enormous time taken in settling the claims.

In the interest of securing the goodwill and confidence of the commercial community at large and also in the interest of trade and commerce, it is very necessary that suitable machinery should be established to prevent the large scale pilferage and thefts and damage. Facilities should also be provided for quick assessment of loss and the survey of losses. In this connection the recommendation made by the Railway Corruption Enquiry Committee in para 141 of their Report for setting up a suitable machinery for *ad hoc* arbitration in cases where the assessment of damage or loss by railway officials is not accepted should be implemented as early as possible by the railways.

Another recommendation of this Committee for 'linking up the freight structure with transit time' (para 143) also deserves serious consideration, and early implementation. Their suggestion is that the contract for carriage of goods should have a condition that delivery should take place within a certain period of time, this being based on the normal transport time with a reasonable allowance over that and customers paying their normal fare should get delivery of goods within the prescribed time but not exceeding a certain percentage of time to be fixed. This measure will fix responsibility on the railways for seeing that the consignments are delivered in a reasonable time based on the normal operations and that undue detention and delay are avoided. The Chamber strongly urges the importance of adopting the above suggestions particularly those for arbitration in regard to assessment of damage, the transit time and quicker settlement of claims.

## PART III.

Q: 1. (a) The functions and powers of the Railway Rates Tribunal under sections 41 and 42 of the I.R. Act are not sufficiently wide and fall short of those given to the Transport Tribunal in U.K. or the Inter-State Commerce Commission in U.S.A. in rates



matters. Their power should be enlarged to include reasonableness of terminal and other incidental charges, risk conditions and risk rates.

(b) The responsibilities of the Indian Railways Rates Tribunal in regard to the revenue of railways is different from that of other bodies in U.S.A. and U.K. referred to above. There they have the statutory duty cast on them of fixing rates that would enable the railways to earn standard or adequate revenue. In the absence of this financial responsibility on the part of our Rates Tribunal it does not seem necessary or advisable to entrust the Tribunal with powers to initiate investigations in regard to freight rates.

(c) The Chamber does not recommend the restriction or narrowing down of the powers of the Tribunal but on the other hand suggests widening the scope of its functions.

Q: 2. The position in this regard as it stands, is fairly satisfactory and may be allowed to continue. The provisions of this section guards the interests both of the railway revenue and of the public, as limited by the present set-up of Railways. The Railways cannot have the power to raise the classification of any particular commodity. If, in the interests of railway or for other valid reasons, the railways feel the necessity to upgrade the classification of a particular commodity, they have to convince the Tribunal, who will no doubt give the decision after hearing the parties likely to be affected. Railways trying to overcome the difficulty by such methods as upgrading the classification of all commodities in a particular class, a possibility suggested in the questionnaire, will be an attempt at circumventing the provisions of the law and will be against the spirit of the section and thus indefensible.

Q: 3. For reasons mentioned above, the Chamber is definitely against the suggestion contained in this question. The onus of proving that higher classification has to be made for a particular commodity is necessarily on the railways. This should not be shifted on to the trade or commerce as it will be imposing an unfair burden on them.

Q: 4, 5 & 6. The Chamber wishes to make certain suggestions generally in regard to rules of procedure and practice before the Railway Rates Tribunal. The cases before the Railway Rates Tribunal are being conducted as though they were legal cases with all legal formalities being strictly observed. The proceedings have become purely formal and legal as in a court of law. The Chamber feels that this is not the procedure that should be followed by the Railway Rates Tribunal in adjudicating cases.

In this connection reference may be made to the practice in U.S. and U.K. In the U.K. the proceedings are said to be very informal and purely technical objections are not encouraged. The rules of the Tribunal are not formal and in fact one of the rules provides that "no proceedings before the court shall be defeated by any formal objection." It is stated that long speeches from counsels are discouraged. The briefing of special counsels is stated to be rather unusual. The same is more or less the case in regard to the Interstate Commerce Commission with reference to the rates questions before them.

The Commission there is empowered to conduct its proceedings in a manner as will best "conduce to the ends of justice". The result has been that the Commission has not felt bound by technical rules of procedure. It does not regard itself as a Court. It is stated that it puts liberal constructions on pleadings before it to help the cause of justice. In fact, the Commission has itself stated "Technicalities will not be permitted to defeat the end of justice. Hence we are not over exacting with respect to form, nature of pleadings." The first reform needed therefore is a simplification of the procedure.

Secondly the procedure and machinery for hearing cases may also be changed. In the Inter-state Commerce Commission in U.S.A. complaints pertaining to rates are in the first instance heard by an examiner, an official of the Commission. He tries to elicit all information necessary for the adjudication of issues raised and submits over his signature a Report on the complaint containing a statement of issues, facts and findings which he thinks the Committee should make. This is preliminary report against which parties can appeal to the Commission. The examiner is very informal and tries to understand the points on both sides without going into legal technicalities and procedure. A procedure analogous to it may with advantage be adopted by our Railway Rates Tribunal.

It is a fact as judged by the few cases that have come up before the Railway Rates Tribunal that there is great delay in their adjudication. The rules made by the Indian Railways Rates Tribunal no doubt prescribe time limits within which answers to the complaints and replies of the complaints etc., should be preferred. But it has been found that in some cases the time limit is not adhered to and the Tribunal has to allow extension of time. A simplification of the procedure as well as strict adherence to the time limit save in exceptionally unavoidable cases, should go some way to eliminate the delay that is now occurring.

It is a fact that the actual cost to the parties is very high. It has been stated that the cost runs in many cases from 20 to 30 thousand rupees, and the Railway Board seems also to have agreed with this view. The main reason for the increased cost is that the legal aspect of the rates is unduly emphasised and that complaints before the Rates Tribunal are as already stated treated like regular cases and proceedings conducted with all paraphernalia and legal formalities leading to highly paid counsels being engaged.

The Chamber suggests the following to remedy this state of affairs:—

(1) Simplification of the procedure as already stated above with a preliminary investigation.

(2) The Tribunal should also encourage as far as possible private parties appearing through their own accredited representatives. The rules as they stand no doubt provide for this but the entertainment of the services of highly paid legal practitioners by one party leads to similar action on the part of other with the result that cases are prolonged and cost increased. The Chamber would suggest the adoption of a rule



analogous to that of cases before the labour Tribunals according to which appointment of a Counsel by the Railway, in cases where the complainant does not engage a counsel but sends a representative, should only be subject to the agreement of the complained.

(3) The Chamber would also suggest the Rates Tribunal following a procedure somewhat analogous to that of the Inter State Commerce Commission in regard to the persons who could appear before it to conduct cases. It may enroll suitable persons for this purpose who need not necessarily be legal practitioners. It may have a panel of counsels authorised to appear who need not necessarily be lawyers but are otherwise in its opinion competent with their commercial and business knowledge to appear and conduct such cases.

Q: 8. According to sub-clause 3 of Section 34 of the I.R. (Second Amendment) Act, the qualifications prescribed for appointment as a member of the Tribunal are that the person should be or should have been qualified for appointment as a judge of a High Court. This has restricted the membership to lawyers and judges. The Chamber suggests the qualifications for membership should be changed. The Tribunal may consist, like the Transport Tribunal of U.K. of a person who is or has been a High Court Judge while one of the other members should be acquainted with the working and economics of Railway transport and the third, a representative of business commercial interests. The last two members should not be those actively connected with railways or commercial concerns. This would enable the necessary knowledge of railways and business being impartially represented on the Tribunal. The present requirements of the statute restricting the membership to persons with legal qualifications has been one of the causes which has tended to make the atmosphere of the whole Tribunal purely legal. Besides, the Tribunal does not have the detailed knowledge regarding railway and commercial matters necessary to adjudge the complaints. No doubt, the existing provision for appointing assessors is supposed to meet this requirement. This arrangement is not satisfactory and the position of assessors is such as cannot ensure due and adequate consideration being given to the railway and commercial aspects of the question at the formative and subsequent stage of adjudication. This is also necessary to command the confidence of the trading community and railways.

Q: 9. The Chamber does not suggest any increase in the proposed number of members of the Tribunal. In this connection, however, the Chamber wishes to bring it to the notice of the Committee that the Tribunal does not seem to have sufficient work. The maintenance of a Tribunal with permanent members is costly and is not justified by the volume of work before the Tribunal. In view of this, the Chamber suggests that only one member, a legal member may be appointed as a permanent member of the Tribunal on the basis of retaining fees with necessary staff while the other members may be appointed *ad hoc* for each case. This will to a large extent reduce the unnecessary expenditure now incurred.

Q: 10. The existing system of associating assessors with the Tribunal does not fully serve the purpose intended. The relevant provisions of the English Act, 1921, may be considered in this connection. There are two panels, one to be called the Traders panel nominated by the Minister of Transport after taking advice of the Trade Associations, Federations, Chambers of Commerce and Agriculture and the other, the Railway panel to be nominated by the Minister himself after taking advice of the railway company Association. Whenever required by the parties or whenever the permanent members think fit in their discretion to do so, the Tribunal for hearing cases may be increased by addition of two members, one from each of the panels. These panel members have a vote on every question but cannot deliver judgment in public. This ensures that the position and views of the commercial and railway interests adequately represented on the Tribunal itself, is further augmented in cases where such knowledge is considered all the more necessary by the parties or the Tribunal. The changing of the composition of the permanent Tribunal with a procedure similar to the one mentioned here may with advantage be adopted here.

Q: 11. The Chamber is not in favour of the appointment of an independent body having power of fixing freight rates and dealing with the complaints arising therefrom. As already stated, in the present set-up of our railway, the working of such a procedure is not practicable, unless that body is also vested with responsibilities for railway revenue somewhat analogous to that of transport Tribunal of U.K. or Inter-state Commerce Commission of U.S. The legitimate powers of control over budget now exercised by Parliament cannot be reconciled with powers proposed to be given to one or the other of the bodies in this question unless their powers and scope are enlarged and the duty of ensuring adequate revenues mentioned above is statutorily cast on them. The Chamber is not in favour of this.

Q: 12. The fact of our Railways being Government undertakings, functioning under Parliamentary control, does not do away with the necessity for a quasi-judicial body like the suggested Railway Rates Tribunal for adjudication of disputes regarding freight rates. On the other hand, it makes the necessity all the greater. The fact that Government is operating the railways under parliamentary control does not mean that the large area of discretion allowed to railways in the quotation of rates and cognate matters in the day-to-day operation is or can be under effective parliamentary control. If an independent Tribunal like this does not exist, it will be open to the Government to increase rates etc. purely from their own point of view. There is always the tendency for Government department to look at a question solely from their own point of view and of their finances without adequate regard to the requirements of commerce and industry, and its effects on general public. The aggrieved parties must have the means of having their complaints duly adjudicated. It is therefore necessary to continue a Rates Tribunal even when all railways are worked by Government.

# The Karnatak Chamber of Commerce, Hubli.

## GENERAL

It is very difficult to answer the Questionnaire in a sensible and reasonable manner in the absence of the requisite documents therein at least.

It is highly hoped that the necessary copies of the Sections of the Railways Acts are invariably enclosed with the Questionnaire in future for the guidance of the members of the Merchants Associations.

## PART II

Q: 11. The present practice of despatching the commodities at the owner's risk rates should be continued as before.

Q: 12. The suggestion may be accepted.

Q: 13. Let the present practice be continued.

Q: 16. The existing compulsory packing conditions in respect of those special commodities must be insisted on in the interest of trade. The names of the commodities to which the above conditions will be extended cannot be indicated as I have no knowledge of these matters.

Q: 17. (a) There is no scheme on planned basis for providing ware-house facilities at present.

It is suggested that the Railway Department should make a provision of ware-house facilities for storage of goods prior to despatch as there has already been a provision for the goods to be delivered. This provision

is quite essential because the absence of it will cause a considerable delay and a handicap in shifting the goods to the Railway premises within the allotted time for being loaded for despatch.

The ware-house facilities must be restricted only to the bulk of goods to be despatched. This will automatically put an end to the practice of bogus registration of wagons with selfish motive behind. The agriculturists will be put to heavy loss due to abnormal delay.

(b) The ware-house must be erected by the Railway department itself.

Q: 18. The practice of carrying the goods as insurers instead of bailee as suggested is acceptable.

Q: 19. The present system of Police bandobust and investigation should be continued. But the honest behaviour on the part of all the Railway servants concerned is essential. Necessary steps for its maintenance may be adopted.

## PART III

Q: 3. The suggestion to empower the Central Government to reclassify the commodities independently must be accepted.

Q: 12. There seems to be no necessity of a judicial body like the Railway Rates Tribunal under the present system of Government. If this is to be continued, I suggest to have one representative from among the experienced and retired Railway Officer for this region.

## RAJASTHAN

### Rajasthan Chamber of Commerce & Industry,

Jaipur City.

## GENERAL.

The Railway authorities have classified the Mica in two classes as follows:—

Mica P/23

*General classification 8.*

As under :

Mica Crude as Mined

Mica sheets

Mica Blocks or splittings.

Mica Waste

Includes mica powder P/5 —Class 2.

We beg to emphasise on you that the small grade of mica is practically uneconomic in mining and selling due to abnormally low prices it fetches hence it should be separately classified as under:—

*Mica small.* Its packing condition may be imposed P/5 similar to mica powder and should be in class 2 like mica powder and condition WL/1 should also apply. In other words mica (small) should be regarded as mica powder and should be classified and charged accordingly because its prices are too low. The mine owners do not get even 2/- per maund in crude form of this quality of mica. Whatever the prices are they are particularly the wages in getting the same.

processed. On account of imposing packing condition like mica powder there will be no complaint on the part of the Railways about their cost of transport for this article. The Railways have not to pay any claims whatever for this class of mica. Rajasthan mica industry cannot exist until and unless

this concession in the Railway freight is given.

Under the circumstances we hope you will please impress on the Railway Freight Structure Enquiry Committee about the necessity of classification of Mica (small) by Railways as above through which only the Rajasthan Industry can survive.

## Jaipur Chamber of Commerce, Jaipur City

### PART I-A.

Q: 5. The Government of India and State Governments are laying great stress on giving full impetus to small industries as the development of these is expected to better the economic condition of the country. As the small scale industries are much affected adversely by such levies there should be no such levy in order to encourage small industries.

Q: 6. Need not be raised. It does not seem necessary.

Q: 10. The movement of Soapstone may as a matter of principle be raised to higher category as it is an essential commodity used in important industries.

Q: 12. There should be no restriction according to the capacity of the wagon. There should, as a matter of fact, be free loading even for B. G. There should be standard weight of 800 maunds for every capacity of wagons for all the stations. W.L/G. rate should be applied on four wheeler wagon.

Q: 23. We propose soapstone and iron ore to be added and we support a freight pool for coal, iron and steel, kerosene oil, petrol, cement, chemical manures and salt.

Q: 24. Yes.

Q: 25. An Agency formed of Railway authorities and industrialists.

Q: 26. There should be lowest possible freight rate for the commodities which are meant for export beyond India and for those which are meant for consumption in industries. For instance soap stone, zeera, coal, oils, etc.

Q: 28. Yes—several representations had been made by the Jaipur Mineral Develop-

ment Syndicate Ltd., and The Udaipur Mineral Development Syndicate Ltd., of Jaipur, Rajasthan for the reduction of freight rates but no appreciable response was received from the Railway authorities concerned.

Q: 29. So far this clause is concerned we propose the particular industry of soapstone, in view of its importance as an article of export and chief ingredient of industries, for facilities of movement from Dausa and Bhilwara to Bombay and Calcutta.

Q: 30. We fully agree to the suggestion in order to enable the Indian products to stand in the foreign market, particularly in case of soapstone of Jaipur, so far Rajasthan is concerned, as it has to compete with Italian talc in U.K. and U.S.A.

Q: 32. Yes, for the transportation of soapstone from Dausa and Bhilwara and also of iron ore which are the chief mineral products of Rajasthan.

Q: 35. Reduction in freight rates and facilities of quick transportation would naturally bring in more revenue as a result of enhanced and regular movement of goods.

Q: 39. From Rajasthan we quote the instance of soapstone, the market rate of which is approximately Rs. 2½ per maund including gunny bags. For such commodities economic freight rates should be fixed.

Q: 41. Certain competitive conditions in the export market must be taken into consideration while adjusting Railway freight rates so that Indian products might be enabled to establish a market. For instance soapstone meets very strong competition from Italian French chalk.

## TRAVANCORE-COCHIN

## Chamber of Commerce,

Trichur.

## PART II

Q: 17. Warehouse facilities for storage of goods prior to despatch and on arrival before delivery, should be provided by the Railways on a planned basis.

Regarding the facility for long term storage the Railways need not in our opinion trouble themselves.

Q: 18. The Railway's liability should be that of a common carrier (which in effect, would make the Railways 'insurers' of goods carried by them).

The Railway should be responsible for the claims for compensation arising directly or indirectly from thefts and pilferages.

Q: 19. In the view of this Chamber the Railway premises and Railway carriages should be guarded jointly (a) by the "Watch and Ward" of the Railway (b) by the ordinary police constables of the State and (c) by the Armed Reserve. And above all there should be a systematic rotation of these guards in such a way that they do not stick to one place nor from one and the same party. We strongly feel that the inalertness of the watch ward staff is the only reason for the high figures of pilferage and theft.

This Chamber is of the view that Railways should accept goods for transport at *Railway Risk Rates* only. There should not be any "Owners Risk".

## UTTAR PRADESH

## Upper India Chamber of Commerce,

Kanpur.

## GENERAL

The interests of national economy require that transport and industry should play complementary roles. Large organised industries require availability of easy and cheap transport of raw materials to the factory sites and of finished products from the factory to the markets. Any disturbance in this regular flow causes a national loss. Conversely, the amount of industrial activity in an area served by a Railway influences the financial results of the Railways.

The Railway Freight Structure has far-reaching effects on trade, industry, and the Railways themselves, and requires revision from time to time in the light of changing conditions. What might be termed a dynamic approach to it is necessary.

In the light of the above remarks this Chamber wishes to offer the following comments

on the questionnaire issued by the Railway Freight Structure Enquiry Committee :—

## PART I-A.

Q: 1(a). The Goods Freight Rate Structure decided on in 1948 was based on the principle, "the longer the distance the higher the charge" but in some cases such as raw materials required in the Chemical Industry, the freight rates were increased by as much as 300% and above, which has had an adverse effect on the Chemical Industry in the shape of higher costs.

With the introduction in 1948 of telescopic rates on the movement of goods, the special or preferential rates from station-to-station were discontinued. This has had an adverse effect on the movement of cotton, particularly for long haulage from distant places to textile mills in Kanpur.

The benefit of the telescopic rates has largely been off-set by an upward revision of classification. As examples we quote in respect of the Chemical Industry, the following comparative rates before and after 1948 :—

	Before 1948.	After 1948.
Acid Hydrochloric & Nitric	9 OR 10 RR	15
Acid Sulphuric	6 OR 7 RR	14
Alum	1	4
Alumina Ferric & Sulphate	1	4
Soda Bichromate	4 RR 3 OR	9
Sulphur	1	6
Bauxite	1	

## Alumina Sulphate Ex-Kanpur to :—

	Rs. a. p.		Rs. a. p.
Hyderabad	1 5 10	per Maund	2 13 11
Sirpur-Kaghaznagar	0 13 1	" "	2 6 7
Jagadhri	0 10 10	" "	1 4 4
Poona	0 13 6	" "	2 11 10
Hadapsar	0 13 6	" "	2 11 7
Allahabad	0 4 2	" "	0 7 8
Benares	0 6 10	" "	0 12 0
Ib.	0 11 7	" "	2 0 6
Raniganj	0 12 6	" "	1 11 5
Ujjain	0 8 11	" "	1 7 6
Motijheel	0 8 4	" "	0 14 6
Sholapur	0 14 8	" "	2 14 11
Saharanpur	0 8 4	" "	1 3 9

(b) The introduction of the telescopic rates may have been generally helpful to Industry situated in or near the Port towns; but there is no evidence that it has been helpful to Industry situated inland and serving a comparatively small geographical market.

(c) The revisions in the Freight Structure have had the general effect of placing inland Industries at a comparative disadvantage with those in or near the Port towns.

A specific instance of loss of business to which changes in Freight Rate have contributed is the partial loss of the Bihar Market for cotton piecegoods by Kanpur Mills to mills situated in Bombay and Ahmedabad.

Q: 2. (a) No; but see our answer to question No. 28.

(b) While the Chamber appreciates the need for the Railways to earn an annual revenue surplus, it considers that the surplus may best be earned by increasing the activity of trade and industry, to which lower freight rate would be conducive.

Q: 3. (i) Revision is necessary in some instances; examples are the following:—

(1) Leather goods are finished products of "Tanned Leather" but both "Leather" and "Leather Goods" are charged at Class 12. There should be lower classification for "Leathers N.O.C." — say Class. 10.

(2) "Real Leather" and "Imitation or artificial Leather" are both charged for at Class 12. The latter cannot be of the same value as real leather. Hence imitation or artificial leather should be put in a lower classification.

(3) "Boots and Shoes" are finished products and are chargeable at Class 12. Boots and Shoes accessories which go into the manufacture of Boots and Shoes are also put in the same class. There should be a lower classification for the latter.

(4) While "Bark" under classification "Tan stuffs N.O.C." used in tanning Hides into Leather, is charged for under Class I

and has also a wagon schedule rate, "Myrobolams" (which are nuts under the main heading "Tan Stuff, etc.", used by tanneries for the same purpose and imported in wagon loads), are similar to Bark but are charged at 2nd Class without any schedule rate for wagon loads. It is submitted that there is a strong case for treating Myrobolams as chargeable under the same category as Bark.

(ii) (a) No comments.

(b) Any adverse financial effect on Railway Revenues caused by the adoption of the foregoing suggestions would probably be more than off set by the planned expansion in the Railway Programme.

Q: 4. The maximum rates for class rates should continue in favour of long distance traffic over 1,500 miles.

Q: 5. (i) In view of the considerable increase in freights and in order to simplify ratings, it is suggested that the levy of a separate terminal charge be discontinued particularly where loading and un-loading are done by owners, as for example at Mill-sidings.

(ii) We do not favour such a levy.

(iii) We do not favour such a levy.

Q: 6. We favour no change.

Changes in classification of certain chemicals appear to be in contravention of principles adopted in the past.

Q: 7. The existing minimum distance for charge for goods traffic should be increased from 20 to 40 miles.

Q: 8. The abolition of haulage charge for empty tank wagons to loading station is recommended.

Q: 9. No comments.

Q: 10. Generally speaking it would appear to be in order to say that goods of high value have a higher capacity to bear freight and should be made to pay more so that goods of low value may be carried at a low rate.



But it does not necessarily follow that certain non-essential commodities should be given preferential rates simply because of their low value, at the expense of other commodities which are more important to the country's economy. Most of the chemicals which are considered essential and important from the point of view of public health and national economy have been grouped under higher classes, whereas certain luxury items are allowed nearly the same class rates as essential chemicals and raw materials.

There has been an upgrading in classification of certain chemicals without regard to transport characteristics and selling prices, and apparently in contravention of principles adopted in the past. The Railway Board has even refused requests for the intro-

duction of wagon load scales for bulk movement recommended by individual Railways. The case of Sulphate of Alumina including Alumina Ferric, chemicals very important both from the public health and industrial point of view, is cited below.

These chemicals, along with the following others were on an equal level of classification from 1-3-1938 to 5-7-1948, but in July 1948 when the rate structure was further revised, while WL/B wagon load scale was adopted for Bicarbonate of Soda, Sulphate of Soda, Soda crystals, Soda Ash etc., the same was not accorded to Sulphate of Alumina including Alumina Ferric and no reason was given for denying this wagon load scale for Sulphate of Alumina. Thus from 1-10-1948 the classification for these chemicals became as follows:

Commodity.	Classification.		Wagon Load
	RR	OR	Scale.
Sulphate of Alumina including Alumina Ferric	4	—	—
Bicarbonate of Soda	4	—	WL/B
Soda Crystals or Soda Ash	4	3	WL/B
Sulphate of Soda	4	—	WL/B

Since 1948 after the revision of the Railway Freight Structure the incidence of railway freight is heavier on cotton and, consequently, the mills situated in the interior of the country have been placed at a disadvantage compared to the mills which are nearer to the sources of supply of this basic material. The abolition of the system of Preferential Rate and the station to station rate has further aggravated the position of the mills on this side and we strongly recommend that assistance may be provided by any of the following methods;—

- (1) Revival of the Preferential Rates and Station to Station Rates,
- (2) Upgrading the classification of cotton which should be placed in class I or II because cotton is an essential basic raw material for the Textile Industry.
- (3) Subsidisation of transport of cotton by a freight pool system. The introduction of the 'three-legged-rating' system recently has increased the incidence of railway freight instead of providing any relief. The bulk of the cotton requirements in Kanpur are imported from distances within 300 to 600 miles which means that while we are paying 10% extra railway freight on first 300 miles we are not getting any relief on the subsequent mileage, as allowed to the third leg consisting of distances over 600 miles. It is suggested that a rebate of 15% should be allowed on cotton in respect of distances over 300 miles.

Q: 11. No comments.

Q: 12. No change is necessary.

Q: 13. We consider no change necessary.

Q: 14. We consider no change necessary.

Q: 15. We favour the suggestion in principle, but consider that the classification adopted should not be so high as to frustrate the benefits resulting from its adoption.

Q: 16. (i) In view of the expected growth of small and medium scale industries we do not favour revising upwards the existing "W condition."

(ii) For the reasons stated in 16 (i) above, we do not favour the suggestion but if such raw materials as cotton are reclassified under the preferential rate, that rate should be made applicable to full wagon loads only.

(iii) We recommend adoption of this proposal and consider that it would be helpful to both railways and industry.

It is suggested that for the better utilisation of wagon space, consignments from one consignor, meant for different consignees in the same station, should be accepted as a full wagon-load, separate R/Rs to be issued for the goods of each consignee.

Q: 17. The introduction of "Train Load Rates" is sound in principle and where any industry is able to offer traffic in "Train Loads" special rates may be quoted, as the Railways will benefit both by saving in shunting hours and by quicker turn round of wagons.

There seems justification for the introduction of "Train Load Rates" for the movement of raw materials such as cotton, sugarcane and coal.

Such an arrangement would be of particular value to both railways and industry where industry concerned is of a seasonal nature either in production or in the demand for its products.

Q: 18. It would be wrong in principle to apply an additional charge for special Express Goods Service. The Railways are

expected to deliver goods as quickly as possible and to endeavour continually to improve the services they offer. We consider that Express Goods Services of the type recently introduced by the Central Railway are beneficial both to industry and to the Railways by bringing about better utilization of wagons and improving the carrying capacity of the Railways.

Q: 19. Use of cranes for loading and unloading of heavy consignments is so beneficial both to Railways and to industry that their availability should be encouraged.

The present charges for supplying cranes are considered reasonable and fair to both parties.

Q: 20. No comments.

Q: 21. (a) We would not favour such a limitation, as this would lead to hardship.

(b) We do not consider that an increase in Railway freight Rate on short distance traffic would be beneficial either to Railway or to Industry. Road transport, though generally more expensive, is already competing successfully with Rail Transport on short hauls, at times when traffic is heavier than normal.

(c) We do not consider an increase in Freight Rates for long route traffic desirable, particularly as such increases would be discriminatory.

Q: 22. In general, Rail Freight Rates for short distances compare favourably with rates by road or inland waterways, but other advantages offered by road and inland waterways enable them frequently to compete successfully with the Railways. This applies with particular force in areas where road and water transport has been well developed.

Q: 23. In principle we favour the introduction of a "Freight Pool System" for certain essential commodities, particularly raw materials. If adopted, we consider that the suggestion should be implemented with caution and its working reviewed at frequent intervals.

Q: 24. No comments.

Q: 25. If such 'Freight Pools' are instituted, they should be administered by the Railways in consultation with Government and Industry.

Q: 26. We regard the constitution of the Freight Structure as of subordinate importance to the increases required in the carrying capacity of the Railways. If the carrying capacity is increased to the extent required by the development achieved and contemplated, it should be possible, with the increase in turnover, for Railway freight to be lowered.

Q: 27. No comments available.

Q: 28. Since the introduction of telescopic rates in 1948, there has been no possibility of obtaining quotations of station-to-station rates or for obtaining preferential rates for any particular commodity on its own merits.

The steep increase in freight rates of cotton and the withdrawal of concessional rates, has hit the up-country textile industry very hard, and there is urgent necessity for the

reintroduction of concessional rates for cotton.

Listed below are a few examples drawn from the chemical industry where requests for station-to-station rates were not granted :—

(a) Request dated 26th October, 1949 for station-to-station rate for Alum ex. Kanpur to Bombay. Old freight Re. 0/15/8 per maund and the present rate of Rs.2/10/11 per maund.

The Chief Traffic Manager, Bombay, ruled as under :—

"I have carefully considered your request for a special rate for Alum ex. Kanpur to Bombay and I very much regret I am unable to make any reduction in the existing rate for this traffic."

Note: Since 1948 movement of Alum ex. Kanpur to Bombay is very little owing to the increase in railway freight.

(b) Request dated 31st October, 1949 for station-to-station rate on Bauxite (ores common) ex Katni to Kanpur. Old freight Rs. 7-15-2 per ton and present freight Rs. 15/- per ton. Request turned down with no reason given.

Note:—This ore being a very important raw material for manufacturing processes is moving in spite of the increased freight because there are no other nearer sources of supply; but this does not mean that the traffic can bear this high freight. The cost of Bauxite at Katni is only Rs. 10/- to Rs. 11/- per ton whereas the freight from Katni to Kanpur is Rs. 15/- per ton, i.e., the incidence of freight is 1½ times more than the cost of the goods over a distance of 280 miles.

(c) Request made on 14th August, 1950 for station-to-station rate on Alumina Sulphate ex. Kanpur to Poona. Pre-1948 rate Re. 0-13-6 per maund and post-1948 rate Rs. 2-10-5 per maund. On 16th November, 1950, the request was turned down on the grounds that traffic in Alumina Sulphate moves to stations beyond Poona at full tariff rates, and there is, therefore, no reason why the traffic cannot move to Poona likewise. Railways cannot encourage market competition.

Note:—This traffic is completely stopped since 1948 whereas pre-war the traffic was roughly 5,000 to 6,000 maunds per year.

Q: 29 (i) The revision of the freight structure in 1948 has generally had an unfavourable effect on industrial development in the interior of the country and has encouraged the concentration of industry round the port towns and the sources of supply of raw materials.

(ii) As trade generally follows industry, there has been a similar tendency for trade also to concentrate.

(iii) The effect on the Cotton Textile Industry, the largest organised industry in U.P. has been unfavourable. A strong case exists for the restoration of special or concessional station-to-station rate for the movement of raw cotton from the cotton

growing areas to Kanpur and other centres in U. P. A similar result might be achieved by including cotton in the "Freight Pool" system referred to in Question 23.

Q: 30. It is recommended that either station-to-station rates should be revived on a larger scale or the present classification for essential industrial raw materials and other finished products be lowered. Wagon load scales should be introduced wherever possible.

Liberalisation in this respect would foster and develop new industry and also assist the export trade. In this connection there is a strong case for the introduction of station-to-station rates for movement of cotton piece goods from inland manufacturing centres like Kanpur to the ports, with a view to assisting the export trade.

Q: 31. See answer to Question 2(b).

Q: 32. We do not favour the use of the Railway Freight Structure to assist the development of special interests, but we recommend that Railway Freights be properly revised where they can be shown to be adversely affecting a particular industry. An example of the adverse effects they can cause is the decline in the export trade in Manganese Ore.

Q: 33. There should be no discrimination in freight rates as between new and established industries; nor discrimination as between industries in the Public and Private Sectors.

Q: 34. We do not favour the proposal. The Railways are an essential public utility service. As long as they continue to produce an overall revenue surplus, there is no case for inflated mileage charges on certain sections. Moreover, to do so would defeat the object of fostering under-developed areas.

Q: 35. The object should be continually to reduce freight rates and to rely on increasing turnover for securing the desired revenue surplus.

Q: 36 to 39. No comments.

Q: 40. It is considered that the increased traffic expected, while involving an increase in certain capital expenditure and certain running charges, would also lead to relatively lower overheads. There seems to be no reason to suppose that increased traffic at current freight rates would lead to a loss of revenue surplus.

Q: 41. The Railways should not hesitate to adjust freight rates when an export industry is threatened with extinction by reasons of the burden of freight in relation to prevailing prices.

In the case of the Manganese Industry prices of high grade ores collapsed from Rs. 145/- per ton to Rs. 60/- per ton during 1954. Had the representations of the industry for a lowering of freight rate been accepted, it would have been possible for the industry to quote competitive rates and the export market would not have been lost to countries such as the Belgian Congo.

Q: 42. It seems more appropriate that the information be sought from the Railways.

Q: 43. See answer to question 29.

Q: 44. Both methods of quotation are used according to circumstances.

In the *Raw Cotton* trade, where rates quoted are F.O.R. destination, the prices are quoted out as follows:—

(a) On a quotation of Rs. 750/- F.O.R. Kanpur.

(i) the prime cost is Rs. 720/- (say for Vijay Cotton).

(ii) the railway freight is Rs. 28/9/- i.e., about 4%.

(d) The relative figures for the period before the last war and in 1950-51 and after April, 1955 are as under:—

Cotton emanating from.	Season 1938—39.		Season 1950—51.		After April 1955.	
	Rate F.O.R. Kanpur.	Railway freight per candy.	Rate F.O.R. Kanpur.	Railway freight per candy.	Rate F.O.R. Kanpur.	Railway freight per candy.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Rs.	Rs. a.	Rs.	Rs. a.	Rs.	Rs. a.
P/As from East Punjab Pepsu.	220	17 12	925	23 8	650	25 0
Broach Vijay.			955	28 8	750	29 1
Jarilla from M.P.			865	27 3	610	29 0

In the cotton piece goods trade textile manufactures in Kanpur are sold on a F.O.R. forwarding station basis:

- (a) Does not arise.
- (b) Average distance over which finished goods are hauled is 200 miles and the freight is approximately equal to 1% of the value of the finished goods.
- (c) The price of the finished goods on account of freight charges is 1 to 2% higher at the point of receipt, as compared to the price at the selling point. Owing to the fact that Kanpur Mills produce coarse and medium varieties of cloth used by the poorer section of the community, even this increase is substantial.

In the *Chemical* Industry:

(a) Prices are quoted both F.O.R. destination and F.O.R. Forwarding Station according to the requests of buyers.

(b) This varies from product to product over the same distance according to classification.

Alumina Ferric (a very important chemical for public health) IV Class-Selling value at forwarding station Rs. 130/- per ton.

Kanpur to Raniganj.	Rs. 47/-
Kanpur to Ib.	Rs. 54/-
Kanpur to Howrah.	Rs. 60/-
Kanpur to Punalur.	Rs. 120/-
Kanpur to Hyderabad.	Rs. 69/-
Kanpur to Madras.	Rs. 100/-

Q: 45 to 47. No comments.

Q: 48. It is suggested that reference be made to the Draft Plan prepared by the Planning Commission, copies of which are not yet available to the public.

Q: 49 to 53. As stated in answer to question No. 48 copies of the Second Five Year Plan have not yet been made available to the public.

Q: 54. We respectfully endorse the undermentioned observation of the Indian Tariff Board in its report on the enquiry for protection to the Heavy Chemical Industry in 1928:—

"A Railway is a public utility service and its objects must be to provide transport at the cheapest possible rate so that both industries and agriculture may develop and so add to the prosperity of the country."

The report goes on to say:—

"...Without any desire to enter into any controversy etc, we think it must be pointed out that so long as Railways are used not merely as public utility services but as a source of profit or rather of taxation, the reduction of freight so necessary to the development of industries must be retarded."

Although these principles were enunciated in 1928, they hold good with increased force in 1955, particularly as the Railways have been nationalised in the interim period.

Q: 55. No comments.

#### PART I-B ANNEXURE V. TEXTILE INDUSTRY

1. To produce one pound of cloth the industry requires approximately 1.04 lbs. of cotton and 4.6 lbs. of coal.

2. The total production of the finished goods during the following years was:—

1939	...	4,115,995,000 Yards.
1948	...	4,422,519,000 Yards.
1953	...	4,905,653,000 Yards.
1954	...	5,024,638,000 Yards.

3. Freight rates from stations from which raw materials are obtained and to which finished goods are despatched have increased by 7% to 40% since 1948 with corresponding increase in the prices of finished goods. There has been no appreciable change in the distance of haulage by rail.

4. (a) Raw Materials — Shortest distance — Kosi Kallan ... 216 miles.  
Longest distance — Hubli ... 1128 miles.  
Average distance ... 672 miles.

(b) Finished products — Shortest distance — Unnao ... 11 miles.  
Longest distance — Calcutta ... 624 miles.  
Average distance ... 317 miles.

5. Bulk of the raw materials is received by rail.

6. Bulk of the cloth produced is moved out of Kanpur by rail but small quantities to adjoining districts are despatched by trucks. No despatches are made by river. Proportion of despatches by rail and road is not available.

7. (a) Average price of raw material per maund in 1954-55—Rs. 75 0 0  
Average freight paid ... 2 12 0  
Corresponding figures for 1938-39 and 1947-48—are not available.

(b) Present average price of finished products at manufacturing point is Re. 0-8-0 per yard plus excise duty and sales tax and at consuming centres it is higher by 1 to 2%. Corresponding figures for 1938-39 and 1947-48 are not available.

8. Figures not available.

WEST BENGAL  
Bengal National Chamber of Commerce,  
Calcutta.

GENERAL.

The Committee are indeed glad that an opportunity has been given to them and to all others concerned for placing their views before a high-powered Enquiry Committee on the adverse effects of the existing level of high railway freights on trade and industry and on the lines along which necessary relief may be given. The existing freight structure came into force in 1948 as a result of a departmental investigation and the commercial community had not at the time been asked to express any opinion on the subject. Now that the question has been reopened, the Committee hope that it will be possible for the Enquiry Committee to recommend to the Government a suitable re-adjustment of the railway freight rates having due regard to the capacity of trade and industry to bear the burden thereof.

In this connection, the Committee would like to refer to sub-para (i) of paragraph 4 of the Resolution of the Railway Board dated the 29th June 1955, which requires the Enquiry Committee to bear in mind the needs of a development economy and the necessity for maintaining the financial stability of the Railways. The Committee of the Chamber agree that the freight rates policy of the Railways has to be determined mainly by these two considerations. For their part, they have always been of opinion that the Railways being one of the most important national assets of the country, the maintenance of their financial soundness is of prime importance. There can be no question that the freight policy of the Railways has to be so formulated as not to involve them in loss and that the Railways must be in a position to pay a reasonable return on the capital invested in addition to meeting all their normal expenses.

The Committee are at the same time of opinion that, subject to this over-riding consideration, the Railways should be able to offer sufficiently low freight rates for the movement of goods and help in the development of the country. They should not in any case be asked to make any additional contribution to the General Revenues in excess of what they should normally be expected to do in terms of the Separation Convention already agreed to by Parliament.

The Committee have deemed it their duty to refer to this aspect of the question as they have a feeling that the Government may have at the back of their mind the possibility of increasing the resources of the Railways, irrespective of the capacity of trade and industry to bear the burden of increased freight, in order to finance the development schemes under the Second Five-Year Plan. As a matter of fact, their attention has been drawn to a recent Press Report suggesting that the Railways may be asked to find about Rs. 150 crores for financing the Second Five-Year Plan. It has been

stated that about Rs. 100 crores out of these can be found by the Railways at the existing level of rates and freights and that another Rs. 50 crores is expected to be raised by a scheme of selective modifications of the rate and freight structure. The Committee are not aware as to how far this report is correct, but they are somewhat surprised that such an estimate should have been made even before the Railway Freight Structure Enquiry Committee have even been able to examine the question in any detail. They have no doubt in their mind that trade and industry is not in a position now to put up with this extra dose of indirect taxation in addition to the various other burdens which are proposed to be imposed on them as part of the general scheme of raising financial resources for the Second Five-Year Plan. If at all, there is a case for a revision downwards rather than for a further increase in the scales of charges which are already high.

The Committee do not deny the needs of the development economy to which a reference has been made in the Resolution of the Railway Board mentioned above. Even at present the facilities afforded by the Railways for the transport of goods are very much inadequate and the provision for additional transport would become all the more necessary with the increase in the tempo of development which is expected during the Second Five-Year Plan. At the same time, as the Committee have sought to establish in the accompanying memorandum, the bulk of the financial burden of the development of Railways during the Second Five-Year Plan should be borne by the General Revenues of the Government rather than by the Railways themselves. The Committee will be glad if, in formulating their views, the Enquiry Committee kindly take into consideration this aspect of the question also.

In preparing this memorandum, the Committee have tried to cover as much as possible all the questions included in the Questionnaire. They would, however, like to point out that the Questionnaire, which is very comprehensive, has raised certain points on which they do not feel competent to throw any light. The statistical materials which are necessary for furnishing detailed answers are more readily available with Railway Administrations and, while the Committee regret their inability to supply the necessary information on these questions, they have no doubt that the Enquiry Committee will be able to collect the same from more dependable sources to which they have direct access.

There are a few questions which may be best dealt with by individual industries, and industrial associations only. The Committee have been informed by many members that they have submitted their views to the



Enquiry Committee direct and they hope that these will be duly taken into account by the Enquiry Committee.

A few questions appear to deal with almost identical enquiry and the Committee have avoided duplication of replies by drawing attention to observations made elsewhere. Some digression has in two or three places been made to invite attention to matters not specifically covered by the Questionnaire. This, it is hoped, will be excused.

The Committee would further state that this Chamber is mainly interested in traffic movements passing through Calcutta and other important industrial centres of West Bengal and the replies to the several questions and the views expressed therein relate, generally speaking, to those questions which have a direct bearing on trade and industry in West Bengal.

The Committee of the Chamber desire to impress upon the Freight Structure Enquiry Committee the necessity for avoiding too frequent changes in rates and fares in any case. Trade and industry get adjusted to certain conditions and in course of time even unreasonable rates are acquiesced in and sought to be met by economies in other directions. Any change in the position is, therefore, likely to cause dislocation and consequent suffering and shift of equilibrium.

With these preliminary observations, the Committee would most earnestly request the Enquiry Committee to give their careful consideration to the observations made in the accompanying memorandum. Needless to say, they will be very glad to supply any further information that may be called for, and to depute representatives to meet the Enquiry Committee and discuss the matter further with them, if called for.

### SUPPLEMENTARY MEMORANDUM

The Committee of the Bengal National Chamber of Commerce have great pleasure in submitting to the Railway Freight Structure Enquiry Committee a supplementary memorandum clarifying some of the points mentioned in their replies to Part I and Part II of the Questionnaire, particularly in respect of the following three matters:

- (1) The adverse effect on trade resulting from diversion of traffic for operational reasons;
- (2) the law and practice regarding claims and refunds;
- and (3) subsidiary railway charges on account of demurrage, wharfage, ghat charge, ferry charge, transshipment charge, crane charge, siding charge, railway siding plot rent, dunnage and lashing charges, storage charge, and the like

They hope that the Railway Freight Enquiry Committee will give their careful consideration to the views expressed herein.

(1) *Diversion of Traffic*: The position in respect of diversion of traffic by longer alternate route is as follows:

Such diversion may take place for operational reasons with the knowledge of the consignor, who is often compelled, due to restrictions on the direct route, to choose an alternate longer route and make a declaration on the Forwarding Note to this effect. The Railway Administration claims that in such cases there can be no ground for objection since the merchant makes his own choice.

In some cases again, where operational restrictions are imposed after the goods are accepted and Forwarding Notes are issued for movement *via* direct route, diversions are arranged by the Railways themselves, on their responsibility, to avoid prolonged detention to wagons, and no additional freight for the actual movement by a longer route is demanded.

The trading community in the Calcutta area, however, has long been experiencing

great difficulty in the movement of goods to and from North Bengal, Assam and North East Bihar by the nearest or the most direct route *via* Monihari Ghat-Sakrigali Ghat, *via* Bhagalpur or *via* Mokamah Ghat, and they are very often left with no other alternative than to move their goods even by such circuitous route as *via* Manduadih (Banarasi) and to pay higher freight to cover the additional mileage. Complaints have been made that, as a consequence, diversion of trade is taking place from Calcutta to the U. P., the M. P. and Bombay of cotton piecegoods, sugar, cement, iron and steel fabrications, chemicals, medicines, soaps, enamelwares and rubber goods. This has been entailing heavy loss on the manufacturers and the business community on this side of India.

(2) *Claims*: In regard to the law and practice of dealing with the claims and refunds of Railways, the Committee would like to invite attention to the report of a Special Sub-Committee of the Eastern Railway Zonal Users' Consultative Committee recommending certain measures for dealing with the matter. These recommendations have been made in three Parts *viz.* Part I—those which have been agreed to by the Eastern Railway Administration for implementation and copies of which have been circulated to all Railways for consideration;—Part II—those which have been referred to the Railway Board and the Government of India for administrative action and Part III—those which require amendments to the Indian Railways Act and the Civil Procedure Code. At the meeting of the National Railway Users' Consultative Council held on the 21st July 1956, it was stated on behalf of the Ministry of Railways that as the recommendations in Parts II and III come directly or indirectly under the terms of reference of the Railway Freight Structure Enquiry Committee, it was appropriate to await the recommendations of the Enquiry Committee in the matter.

The Committee of the Chamber would accordingly invite the attention of the Enquiry Committee to the recommendations of the Sub-Committee referred to above, and particularly to paragraphs 33, 34, 35,

40 and 41 thereof (reproduced at the end of this Memorandum).

(3) *Subsidiary Charges*: As regards subsidiary charges, the Committee desire to invite attention to the various aspects of same and the hardships experienced.

(a) *Re: Demurrage Charges*: In para 40 on pages 17-18 of the Report of the Railway Corruption Enquiry Committee, the difficulties caused to merchants in connection with the raising of demurrage charges and consequent opportunities for malpractices have been referred to. Except at large stations, the placement and withdrawal of wagons take place only once in 24 hours and yet the common rule imposing the time-limit of six hours of daylight for loading and unloading of wagons is insisted upon everywhere. To merchants at smaller stations, where labour cannot be produced at short notices after early morning hours this insistence causes hardship and, in seeking to avoid the same, they are naturally compelled to offer illegal gratifications. The matter should receive the sympathetic consideration specially in view of the fact that the Railway Administration does not, and is not prepared, to keep merchants informed of the approximate time of the supply of empties or arrival of loaded wagons. The Committee do not desire any whittling down of efforts to maximise the utilisation of wagons but even so some rational approach should be made to prevent hardship and malpractices.

It is, therefore, suggested that some flexibility should be permitted in regard to the calculation of demurrage charges which should be raised not from the expiry of six hours of day-light from time of the placement but from the reporting of the pilot or goods train engine for withdrawal of the empty or loaded wagon after the lapse of the first six hours.

The demurrage charges at Re.-/1/- per ton or part of a ton per hour or part of an hour is based on the carrying capacity of the wagon made available. This causes some anomaly when larger capacity wagons are supplied for loading goods paying minimum weight condition freight. Anomalies are also noticed when wagons, provided at transshipment point from Broad to Metre Gauge or *vice-versa*, are of much higher total tonnage capacity than what the traffic may require. It is, therefore, suggested that a maximum ceiling should be laid on the tonnage capacity of the wagons for the levy of demurrage charges.

(b) *Re: Wharfage Charges*: Unlike demurrage charges, wharfage charges are levied at varying rates according to the category of stations, allowing a free time of the first 24 hours. The purpose of such charges is to prevent prolonged occupation of railway goods sheds or premises and utilisation of terminal facilities for storage of goods shutting out further traffic arriving or prior to despatch. The Committee do not, however find any logical justification either in regard to the selection of the stations for charging prohibitive rates or in the matter of the quantum of wharfage charges which are levied at a sliding scale steeply rising from about -/1/- per maund per 24 hours or part thereof to -/3/- per maund, irrespective of the class of goods

and regardless of the conditions of the storage in goods sheds or in open land in any part of the railway premises. It is often found that a large number of traffic, left in the open and for which the Railway Administration takes no responsibility whatever, cannot bear the high wharfage charges accrued, prolonged negotiations for remission of which follows and this leads to further accumulation thereof and continued occupation of the railway spaces.

Wharfage charges are also raised when there is some dispute in regard to the freight charge and there is delay in paying up the freight, although there may be no occupation of railway premises or land beyond the free time. To avoid hardship to trade and also to ensure due collection of railway freight and other charges, some provision should be made permitting on accounts deposit of a lump sum against freight payable when the matter is under reference. It is also necessary that when full freight is collected against part delivery of a consignment, further freight collections on latter R/Rs should be kept in abeyance until the arrivals against subsequent consignments in part cover up the short delivery in the earlier consignment. Provision for acceptance of an estimated railway freight on account for adjustment after the arrivals of wagons over a period of a fortnight or a month would solve the difficulties to a certain extent. In any case, the levy of wharfage charge which is mainly to be raised for non-clearance of a railway shed or premises should not be linked with the payment of railway freight and, if necessary, other measures should be devised to ensure prompt payment.

(c) *Re: Ghat Charge and Ferry Charge*: On the plea of increased costs, these charges have during recent years been substantially raised, adding to the burden of total transportation costs, and the Committee would request due examination of the same. The ghat charge on the river Ganga has been raised recently to 8 pies per maund at each end entailing thereby an addition to the mileage for transportation cost of the lowest class traffic by 30 miles and Class VI traffic by 20 miles. The ferry charge which was formerly calculated on an assumed mileage of 21 only has also been raised to a distance basis of 33 miles. In other words, for any ghat crossing on the river Ganga, an additional mileage of above 50 to above 60 miles is imposed. The scope of competition from trading centres not requiring ghat transshipment is, therefore, widened. The possibility of reducing these charges should, therefore, be duly examined.

(d) *Re: Transshipment Charges*: Transshipment charges are levied at 3 pies per maund for all classes of goods, except liquids in bulk. It is understood that this rate leaves a good margin to the Railway in handling bulk goods, such as coal, ballast, lime, cement and grains.

(e) *Re: Terminal Charges*: The Committee have dealt with terminal charges in answer to Question 5 of Part I-A of the Questionnaire. They would suggest that the scope for reducing these charges, specially where parties arrange the loading and unloading themselves, should be explored.

(f) *Re : Crane Charges* : The Committee have made their submission in this regard in reply to Question 19 of Part I-A.

(g) *Re : Siding Charges, Haulage Charge & Shunting Charges* : During recent years, the basis of levying siding charges for both railway and assisted sidings has been changed and a rate on actual mileage basis for different classes of goods has been fixed as from 1-4-55. This revision, has, in most cases, led to an increase in the quantum of siding charges and these should be reviewed. The charges for the use of private sidings based upon haulage charge per engine hour also appears at times to be too onerous and larger industrial undertakings have found it more economical to use their own locomotives.

Some Railway Administrations, e.g. the Calcutta Port Commissioners' Railway Authority, demand a "Shunting charge" in addition to the normal freight charges and additional rates for C.P.C. Railway stations for placement of wagons at the godown siding of merchants who have taken out plots served by the Railway sidings and have built their own godowns and business premises thereon. Instead of a "haulage" charge for such placement and withdrawal of wagons on the basis of engine hour a rate of about Rs. 2/8/- per axle as local shunting charge is levied and the booking stations, from which these sidings are served, are directed to collect the charges in cash separately, both for incoming and outgoing wagons, and not to include them in the invoiced freight charge showing the same as an under-charge.

Such arrangements put traders in difficulties, firstly because of the additional burden imposed compared to consignees taking delivery at the station goods shed or siding and secondly, because such shunting charges separately levied cannot be realised from the buyer purchasing on F.O.R. terms nor can the same be passed on to a seller who undertakes to pay freight upto the point of destination and delivery, as is the practice with the Sindri Fertiliser Factory.

The levy of such extra-service charges should be done away with the absorbed in the invoiced freight or at least collected along with the freight on the same money receipt.

(h) *Re : Dunnage and Lashing Charges* : At a number of large stations separate costs are raised for the lashing and dunnage requirements for certain class of traffic, such as heavy vehicles, rollers, diesel engines, motor on wheels and motor cars. The Railway Administrations generally set up some outside parties to help the consignors in this work. These parties make substantial profit in connection with the same. The possibility of the Railway Administrations themselves undertaking these services at a reasonable charge should, therefore, be examined.

(i) *Re : Railway Siding Plot Rent* : The railway siding plots are let out to Users of the Railway on various considerations for mutual benefit and large volumes of business are conducted by merchants from and through such siding plot depots. The terms and conditions for the letting out of such siding plots and the rate of rent levied at different places are, however, determined on an one-sided fixation on a purely temporary basis. During recent years, the Railway Administrations have, at the instance of the Railway Board, raised the rent for railway lands leased out to an inordinately high level—even amounting about four times of the previous rent in a place like Calcutta and Howrah. All appeals and representations in this connection have gone in vain, and those traders who had invested substantial amounts of money in constructing suitable godowns and equipping the same with machineries, find themselves in an unenviable position. This matter has been agitated by members of the Chamber from 1950 and it is, therefore, requested that the basis for such rents and the circumstances or the limitations to the enhancement of the same should be reviewed.

In regard to the subsidiary charges, excepting the demurrage charges, the Committee of the Chamber submit that these should be regarded in the nature of fees maintaining close relation with the actual cost of the specific service rendered and there should be no attempt to make a margin of profit through the same. The same submission applies to such other subsidiary charges for passenger amenities as provisions for retiring rooms, hotels, departmental catering, portage etc.

### *Reference Item (2) of the supplementary Memorandum*

#### *Measures to improve Claims Position*

(Extracts from the recommendations of the Sub-Committee of the Eastern Railway Zonal Railway Users' Consultative Committee).

#### **PART II**

Recommendations which should be referred to the Railway Board and the Government of India for administrative action.

x x x x

38. Rule 80 of the IRCA Goods Tariff No. 28 which, *inter alia*, absolves the Railways from the liability to damages in respect

of goods not removed from the Railway premises at the destination within the time allowed for such removal free of demurrage and wharfage should be forthwith amended. Such removal may not be possible for various reasons and the penalty for failure to remove within the free time is demurrage and wharfage and the question of payment of damage can in no way be linked up with the requirement to remove the goods within free time.

34. At present, claims are repudiated on the ground that there is no "misconduct" or

negligence " on the part of the Railway staff. The decision whether there is negligence or misconduct is also taken by the Railway Administration after enquiry from the various case laws on the subject and it is found that the Courts also had expressed different opinion in different cases. In the majority of the cases, loss or damage to the goods has been accepted as *prima facie* proof of the negligence and burden of proof of absence of negligence has been considered to lie upon the Railways. It appears that Section 72-76 of the Indian Railway Act dealing with the responsibility of the Railways in the matter of carriage of goods should be re-examined for suitable amendments. In the meantime, the administrative instructions should be issued requiring that in all cases of repudiation of claims, on the ground that there was no misconduct or negligence on the part of the Railway staff the repudiation order should be fully explanatory stating the reasons for which the conclusion is made that there was no misconduct or negligence of the Railway staff.

35. There should be an Appellate Authority to hear appeals in all Railway claims cases on the lines of the Income-tax Appellate Tribunal. It is considered that the very existence of such an Authority may improve the settlement of claims and better administration. It is stated that claims may be repudiated for damage caused by wet and consignments booked and carried even at Owner's Risk in cases where at the time of loading wagons were inspected and certified by the Railway staff in respect of water-tightness and fitness otherwise. If no such certificate is found to have been issued, then the claims for wet damages are accepted. It is reported that frequently wet damages are due to use of leaky or defective wagons and also due to open sheds and godowns or leaks in such sheds. It is further reported that there are virtually no sheds in some places. It therefore appears that damages caused by use of leaky or defective wagons should be accepted straightaway and claims should not be repudiated on the ground that certificate of water-tightness or fitness was issued at the time of despatch. If the wagons are found to be leaky or defective at the destination, then it should be accepted as the certificate of fitness was not a proper certificate. After all, such a certificate of fitness should mean fitness for the whole journey. It is also considered that the Railways should not accept any consignment which was visibly wet and in damaged condition at the time of despatch and once consignments are accepted, claims should not be repudiated on the ground of these not getting wet in transit or for no "negligence or misconduct" of the Railway staff.

x x x x

### PART III

Recommendations which should be made to the Government in respect of amendment to Indian Railways Act and Civil Procedure Code.

40. The various Chambers of Commerce and representatives of business community have been suggesting for a long time that Section 77 of the Indian Railways Act in respect of serving notice of claims, should be amended. It had been stated on behalf of the Railways that claims are not at present repudiated on the ground of improper

service of the notice if these are filed within the statutory limitation period of six months. It has been further stated that instructions have been issued to all advocates and lawyers employed by the Railways not to take the plea of improper service of notice under Section 77 while defending claims cases in courts of law. All the same, it has been reported that the courts have rejected claims on the ground of improper service of the notice within the limitation period. It appears that when the Railway Administration has also issued instructions not to take the plea of improper service of notice, Section 77 of the Indian Railways Act should be suitably amended.

In this connection it has been also suggested that Section 80 of the Civil Procedure Code should also be amended.

41. Sections 72-76 of the Indian Railways Act deal with the responsibility of the Railways in the matter of goods. Section 72 makes the Railways liable as Bailees under Section 151, 152 and 161 of the Indian Contracts Act, 1872. Under this section again, the responsibility of the Railways can be limited by means of various risk notes and other conditions of packing. No responsibility is virtually undertaken at present for running train thefts. It appears that the responsibility for such thefts should lie with the Railways. It is to be conceded that once the consignor hands over the goods to the Railways, the responsibility for the goods should lie on them till these are delivered to the consignee. It is also felt that the scope for repudiation of the thefts on ground of running train thefts and on similar other technical grounds has a deleterious effect on the commission of pilferage and thefts in transit. According to Section 160 of the Contracts Act, a suit based on non-delivery is really based on breach of duty, but in Section 72 of the Indian Railways Act there is no mention of this Section of the Contracts Act and the various Court cases have also differed in respect of interpretation of these Sections of the Indian Railways Act in respect of the responsibility of the Railways regarding goods moved by them. It is therefore recommended that Sections 72-76 of the Indian Railways Act should be re-examined forthwith for suitable amendments so that the responsibilities of the Railways in respect of carriage of goods may not be avoided under cover of the present law.

### PART I-A

Q: 1(a). Prior to 1948, Railway freight rates had been arrived at after an examination of various aspects of different traffic handled over a series of years, often adjusted by methods of trial and error. Trade and Industries had on their part adjusted themselves to these conditions and the rates and although there were cases where they had complaints against high rates, the position on the whole was not very unsatisfactory, specially because there was a good deal of flexibility and rates were often quoted to meet individual requirements.

The immediate impact of the general revision of the rates structure in 1948, with the virtual abolition of all special rates, was not, therefore, helpful to trade and industry. In fact, over a wide range of commodities



the rates were substantially enhanced and this adversely affected the normal channels of movement and development of industry. But the effects of the increase in the rates were for some time not very much discernible as, due to the continuance of controls over the movement, distribution and prices of a number of essential goods, the existence of a sellers' market, and the acute shortage of transport generally and of railway wagons in particular, problems connected with the movement of goods were considered more important than those relating to the freight paid therefor. Though the commercial community had protested at the time against the enhancement of the rates, they reconciled themselves to the facts of the situation in view of the overall difficulty of the Railways in supplying wagons and in arranging a satisfactory movement of goods. In fact, normal economic forces could hardly come to play, and trade and industry had to contend against other forces which demanded greater effort to overcome than the burden of increase in freights.

The position has, however, since changed considerably with an improvement in the wagon situation and the lifting of control on almost all commodities. These, together with the onset of a buyers' market, have now made the incidence of railway freights a much more important factor in the prices of materials, whether raw or finished.

But even when conditions were otherwise, there were certain sectors of trade in which substantial changes were caused by the revision of freight in 1948. As an instance, the Committee would mention the case of the mustard oil industry of West Bengal. There was even before 1948, considerable disparity between the freight rates on mustard seed and mustard oil, both transported from the U. P. stations to Howrah, much to the detriment of the oil mill industry of West Bengal. It is not necessary at this stage to refer in detail to this case, which had been thoroughly examined by the Railway Rates Advisory Committee in case No. 55 of 1939. This Committee had upheld the contention of the Bengal Oil Mills Association about the undue preference shown by the then East Indian Railway Administration in favour of the oil millers of the U.P. by quoting comparatively lower freight rates for mustard oil than for mustard seed.

Not much relief was, however, obtained by the West Bengal oil mills notwithstanding the recommendation of the Rates Advisory Committee. On the top of this, the disparity between the freight rates on mustard oil and mustard seed was further increased as a result of the revision of freights in 1948, which brought about a rise in the rates on mustard seed, already high as compared to those on oils, by 50%, as compared to an increase of only 9% in that on oils.

Mention may also be made of such industries, as Glass, Vanaspati, Chemicals, Medicines & Pharmaceuticals, which have complained to the Chamber of the great burden of high freights as a result of the revision of freight rates in 1948.

Taking up the case of the Glass Industry of West Bengal, for example, the Committee would point out that the difficulties of the Industry, particularly the section which manufactures blown glassware, have been accentuated not merely by the revision of

freight rates but by the partition of Bengal immediately before the revision. There has been an increase in the freight rates of the various raw materials used by the Industry as well as of the finished products, since 1948. For instance, sand, which accounts for by far a substantial portion of the total cost of materials and the price of which varies from -/6/- to -/9/- a md., has now to bear a freight of -/13/- per md. for transport from Naini to Calcutta as against the previous rate of -/6/- per md. Similar increases have been effected in the freight rates of other raw materials like Limestone and Dolomite. On the other hand, the freight of finished glasswares of West Bengal (which have lost their once prosperous market in East Bengal, to which a reference is being made later in this memorandum) from Calcutta to Bombay and Madras was raised from Rs. 1/-4/- and Rs. 1/-8/- per md. respectively to Rs. 3/-6/- and Rs. 3/-14/- per md. Further increases have been effected since April 1955. It has thus become very difficult for the West Bengal Glass Industry to compete with the factories in other parts of India.

(b) The Committee of the Chamber have always supported the principle of telescopic rates in a country of long distances. In view of the regional distribution of industries, in many cases situated at long distances from the sources of raw materials and market centres, a system of telescopic rates appears to be suitable.

Nevertheless, the Committee would mention four special factors which may militate against the adoption of the system without adequate safeguards.

In the first place, they would refer to the fact that, with very few exceptions, trade and industry in West Bengal generally have not been able to take advantage of the benefits of telescopic rates. As is well-known, the economy of undivided Bengal had long been characterised by the location of most of its important industries in and around Calcutta with their principle market in East and West Bengal, Assam and eastern districts of Bihar and Orissa. With the Partition, however, the Calcutta industries have lost their markets in the eastern districts of undivided Bengal, now in East Pakistan, and also partially in Assam, as a considerable volume of traffic from Calcutta to Assam used to move by rail and water through East Bengal. Even after the opening of the all-rail route through Indian territory, the capacity of the Assam Link has remained extremely limited, and the advantages of a lower telescopic rate to Assam and North Bengal can be availed of only by a small proportion of the total traffic. The same handicap is also experienced by imports into the Port of Calcutta which has lost much of its hinterland as a result of Partition. Trade and Industry in West Bengal have not, therefore, derived much advantage from the introduction of telescopic rates, in so far as their market has all along been confined largely to Eastern India, of which a very important area has been lost to them, the volume of rail transport to North Bengal and Assam by Assam Link having been reduced to a fraction of what it was before.

The advantage of telescopic rates is not also available to the traffic in wagon-loads which is at present moving from Calcutta to Assam *via* East Pakistan.



Attention may in this connection, be drawn to the fact that the transport of coal from the collieries to the Tea Gardens in Doars by rail-cum-steamer or rail-cum-steamer-cum-rail route, although sponsored by the Railways, is denied the advantage of telescopic rates, evidently because transport by steamer is not considered railway journey.

In the second place, the reduced rates over long distances inherent in any scheme of telescopic rates are made possible by increasing the freights over short distances. In the existing scheme of telescopic rates, the first "leg" on which there has been an increase runs to as many as 300 miles, a distance beyond which not many items of traffic of West Bengal move, with the result that, coupled with the consideration mentioned above, trade and industry in West Bengal have actually been made to pay higher freight rates as a result of the introduction of telescopic rates.

In the third place, the benefits of the lower rate under the existing scheme of telescopic rates are available really to traffic beyond 850 miles. Even on an all-India basis, a very large proportion of goods, however, move over smaller distances, and the advantages of telescopic rates are, therefore, denied to most of the traffic.

In the fourth place, in a few cases, the introduction of telescopic rates has caused a diversion of traffic from *via* Calcutta to direct destinations, like Orissa, Bihar, parts of the U. P. and Assam, causing loss to the business interests of this area. The import of Cotton waste Blankets is, for instance, now being encouraged direct from the producing areas viz., Bombay and Madhya Pradesh to the importing States, particularly Assam. The freight rate for C. W. Blankets ex-Bombay to Gauhati and Tinsukia comes to Rs. 6-8-7 per maund, while that for the same destinations *via* Calcutta amounts to Rs. 8-7-3 and Rs. 9-11-11 per maund respectively. In fact, however, the freight rate in case of despatch to Assam *via* Calcutta, is much higher being as much as Rs. 8-13-8 per maund upto Gauhati and Rs. 10-0-1 per maund upto Tinsukia, as the goods are mostly required to be moved from Calcutta by Steamer, the freight rate of which is higher than the corresponding railway freight rates.

The most important reason why dealers are compelled to book goods from Calcutta to Assam by the Steamer route rather than the Railway route is the almost chronic restrictions on booking from Calcutta by Assam Link due to the limited capacity of the line. Another reason for despatching goods by the Steamer route is that almost every year there occur heavy floods in North Bengal and Assam in July/August during which the goods have in any case to be sent to those zones so that they may reach the consumers before the Pujas. Naturally, on account of the freight disadvantage, the competitive position of the traders in Calcutta in markets like Assam and North Bengal has been very much adversely affected in spite of all the facilities available in the port for commerce. It has been reported that West Bengal has lost about 50% of her trade to Assam, as a result.

It would, therefore, appear, that taken as a whole, the introduction of telescopic rates, as at present offered, has not been of much benefit to trade and industry in general or at any rate to that in West Bengal.

(c). The Committee can hardly furnish much information on the specific short and medium haul traffic adversely affected. They trust that a study of the figures available at the offices of the various Railway Administrations will fully reveal how the revised freight structure has had adverse effects on short and medium haul traffic.

Q: 2(a & b). The present arrangements hardly provide for sufficient flexibility to meet the legitimate needs of trade and industry.

So far as the Committee have been able to ascertain, the individual Railway Administrations and the Railway Board who have theoretically the power to grant special rates, have very seldom exercised this power, even when detailed facts and figures had been submitted to them in support of any demand for concessional rates. Parties are almost invariably asked to apply to the Railway Rates Tribunal for the grant of any special rates. As this is not always practicable, mainly for the trouble, delay and expenses involved, goods continue to move as best as they can at the higher rates, or sometimes do not move at all. The Railway Board has, on the other hand, taken advantage of the paucity of cases so far filed with the Tribunal and has sought to prove that the rates have been fixed at a reasonable level and that the revision effected in 1948 has been accepted by trade without grievance.

The Committee would point out, in this connection, that the fact that traffic has moved at a particular rate is not *prima facie* a proof of its reasonable character. The further fact that railway revenues have not been affected by the high rates should not also be considered to be a sufficient ground for their maintenance at the high level. There are a number of factors to be taken into account in ascertaining whether a rate is reasonable, and the most important among them are:

(a) how far the rate is beneficial to the growth and development of the traffic concerned in the best interest of the community and the country;

(b) whether the rate is justifiable on the principle of "charging what the traffic can bear" and

(c) whether the rate is sufficient to cover fairly the direct and supplementary costs of moving the traffic.

Q: 3. (i) What is really needed is a suitable flexibility in the freight structure to meet the requirements of particular industry and traffic and judged by this test, no benefit is likely to arise by increasing the number of class rates and wagon-load scales, which will only increase the volume of the Rate book.

The Committee are, on the other hand, inclined to think that, with greater facility for re-classification and removal of anomalies relating to the grouping of certain articles under the same class or scale,

regardless of their value, traffic and operational conditions, there may not be any need for increasing the existing number.

They would, however, point out, in this connection, that alternative rates for Railway Risk and Owners' Risk are not quoted for all articles, and consignors are often compelled to despatch goods at higher Railway Risk rates, although there may not be any real benefit secured. This is particularly the case where articles are accepted with the railway risk eliminated due to alleged non-compliance with the packing conditions laid down, as a result of which the goods concerned are actually carried at owners' risk but charged for at Railway risk rate. Similar anomalies are also met with in regard to the application of wagon load scales, where minimum weight condition may be infringed either due to non-supply of wagons of the requisite carrying capacity or to the special dimension of some traffic.

(ii) (a) & (b) As indicated earlier, the number of "legs" and the distance range in each do not appear to be suitable. The Committee would like to suggest that a study should be first made of the average distance a number of selected commodities, that constitute the bulk of traffic on Indian Railways, move and the "legs" and the distance ranges should be determined in the light of this study, with the objective of providing suitable encouragement to long-distance movements without much sacrifice of Railway revenue or the interest of short haul traffic.

The Committee are inclined to think that this objective may be best served by increasing the number of "legs" to four, the first two being of 200 miles each, and the third being of 100 miles and the fourth for the rest of the journey.

Q: 4. The Committee have no information about goods moving beyond 1500 miles from and to stations in West Bengal.

Q: 5. The principle of separately levying the different charges mentioned in the question is quite in line with the fundamentals of rate making, except that the case for adding a "Short distance" charge when a fairly high "Terminal" charge is levied, appears to be weak, as the average charge per maund on short distance traffic becomes quite high when such terminal charge is added.

There is also considerable scope for adjustment in the quantum of these charges. As an instance, it may be mentioned that at present a terminal charge of 8 pies per maund is levied at each end in case the Railway is required to do the loading and unloading, the charge being as much as 6 pies per maund at each end, where the loading and unloading is done by the owners. The cost of loading and unloading is a very important constituent of the terminal charges and the terminal charge in case the owners themselves do the loading and unloading should be nominal and should not in any case exceed 4 pies per maund at each end.

Q: 6 & 7. The Committee are of opinion that any practice that has developed through adoption over a long period and with which trade and the community at large have got used, should not be suddenly changed unless substantial improvements are likely to be

achieved. Judged from this standard, the Committee do not feel that the question of modifying either distance unit for charge or the existing minimum distance for charge need any attention. In order, however, to secure rail-road or rail-river co-ordination, where such co-ordination or diversion of traffic is found desirable, there should be scope for quoting specially lower rates on actual mileage of transport, if the same is below 20 miles.

Q: 8. As the Indian Railway Administration is now a unitary system with Zonal divisions, principles regarding charging freights should be uniform throughout India.

So far as charges for haulage of empties is concerned, the Committee understand that such charge is now levied only on the Southern Railway. This has been affecting very adversely the Vanaspathi factories situated in the East zone which have to rely on oil supplies from the areas served by the Southern Railway, and the Committee would suggest that this charge should be abolished without raising the basic freight of oil. In fact, the rates at present charged for the transport of Vanaspathi should be considered to be inclusive of the charge for haulage of empty tank wagons. If, however, the Railways propose to bring about uniformity by levying haulage charges for empty tank wagons on all zones, corresponding relief in the rates for the commodity carried in bulk in tank wagons should be granted, and all liquids, including petroleum and kerosene oil, should be treated alike.

Q: 9. As a general proposition, there can hardly be any objection to the method of grouping together different classes of goods on the basis of their similarity of prices and transportation conditions. But in a number of groupings of different commodities under the same class, considerations of similarity in transportation conditions and price do not appear to have been followed and there appears to be some justification for placing some of the commodities in other groups than where these are now placed. As for instance, the Committee would mention the cases of Ghee, Vanaspathi (Hydrogenated Oil) and Cocogem (refined coconut oil (10 R.R., 9 O.R.) Oilseeds (4 R.R.) and Oils—Division D (4 R.R., 3 O.R.) and blankets, cotton or woollen (10 R.R., 9 O.R.), Sheet Glass and Plate Glass (9 R.R. for Sheet and Plate Glass of 3/16" thickness and above and 7 R.R. and 5 O.R. for below 3/16" thickness.)

As regards Vanaspathi, the Enquiry Committee must be aware that it is a much cheaper product compared to Ghee, the selling price of the former being about a third of that of the latter. Besides, Vanaspathi is a cheap cooking medium meant for mass consumption and its classification in the same category as Ghee, which can be afforded only by the wealthier classes, can hardly be justified. For the same reason, the classification of Cocogem in the same group as Ghee is open to objection.

As regards Sheet Glass, the attention of the Chamber has been drawn to the fact that it has been placed in the same category as Plate Glass whose price is about 2 to 3 times more than that of the former. Further, mirrors of certain dimensions, ribbed glass and wired glass, which are too much more expensive than Sheet glass have also been

grouped together in the same class as Sheet Glass.

The Committee concede that it is hardly possible to multiply groupings enumerating separate classification for each of the numerous commodities that move on the railways throughout the country. But it is necessary that due care should be taken to group commodities in the same classes having regard to their transportation conditions and value. Moreover, a greater flexibility in arranging re-classification and ensuring quick action in removing anomalies, when the Railway Administration is satisfied about the reasonableness of any such request may meet the difficulties that are met with at present.

Attention may also be invited to the grouping together under the same class of Rice and Paddy which have different values and practically similar transportation condition. As paddy is the raw material for rice and as 60 seers of paddy generally produce about 40 seers of rice, the fixation of the same rate of freight on both has resulted in the unfortunate encouragement to the setting up of rice mills in distant rural areas of West Bengal and diversion of the milling industry away from Calcutta steadily over a number of years, although the economics of the market and certain other facilities localised the industry in and around Calcutta in the early stages of development.

Q: 10. As has been indicated in the reply to the previous question, the present classification of goods does not meet the requirements of a number of commodities. It is necessary that this should be remedied by suitable re-classification within the framework of present classification, having due regard to their prices and transportation conditions.

It may be pointed out, in this connection, that the present practice of the Railways in arranging re-classification is not quite satisfactory. In theory, applications for placing an article in a lower classification can be finally disposed of by the Railway Board on receipt of the recommendations of the Commercial Committee of the Indian Railway conference Association to whom all cases have to be referred by the Railway administrations either *suo moto* or when applications for modification of any classification are received. In case an article has to be placed under a higher class, the approval of the Railway Rates Tribunal to any such revision is required. In practice, however, it is extremely difficult to secure a quick and fair decision either way. The Commercial Committee of the I.R.C.A. is not, unlike the Rates Tribunal, an independent body, and its recommendations may or may not be accepted by the Railway. In order, therefore, to get redress in a number of cases, the parties concerned have other alternative than to appeal to the Tribunal, a procedure which is not always very easy to follow.

As already stated in reply to Q. No. 3 (i), the Committee do not support the idea of increasing the number of classes. The question of decreasing the number does not obviously arise.

Q: 11. It is neither possible nor necessary to have a fixed relationship between the rates for 'smalls' and wagon loads. Each commodity has its own transportation condition and the ratio between the two rates

may vary having regard to these conditions. Generally speaking, the rates for wagon loads should be at least 83½% lower than those for "smalls", so that consignors may be induced to wait till sufficient stock is collected for offering wagon loads. This percentage may, however, be varied on various considerations.

Q: 12. The present uniform rate of minimum charge for consignment in wagon loads at Rs. 1/12/- per ton on the carrying capacity appears to be satisfactory and does not require any revision.

Q: 13. (a) The present uniform rate of minimum charge at Re 1/- per consignment for "Smalls" is also satisfactory and does not need any revision.

The Committee would, in this connection, refer to the proposal made by the Railway Minister in February 1955 to increase this rate to Rs. 1/8/-. This was strongly opposed by all the interests concerned as being too heavy a burden on the movement of "smalls," and it is gratifying that the Minister ultimately agreed to restore the *status quo*.

(b) Does not arise.

The Committee would, in this connection, also refer to the fact that, in partial modification of the original proposal made by the Railway Minister in February 1955, a surcharge of 6½% was imposed, with effect from the 1st April 1955, on all "smalls" consignments weighing less than 20 maunds.

This surcharge has affected practically all sections of trade and industry, which cater to consumer goods, as it is not always possible for industries to send to one particular customer in a particular place goods weighing 20 maunds or more. In all such cases, the transport costs for smalls are unduly raised.

It has, in this connection, been suggested that even if the surcharge is retained, it should not be imposed in case two or three consignments are booked to the same station and on the same day, but to different parties, if their aggregate weight exceeds 20 maunds. This would be in conformity with the existing practice according to which, when wagon loads are despatched from one station to another, the consignors are allowed to club together 2 or 3 Forwarding Notes to make up a wagon-load and separate railway receipts are issued in respect of individual Forwarding Notes. Following the same principle, consignors should be allowed to club together 2 or 3 Forwarding Notes under a separate R/R in respect of each note, to make up 20 maunds to the same destination on the same day. If this is conceded, many industrial concerns will be able to obtain orders from different customers to make up a combined 20 maund consignment and thus save 6½% surcharge on freight.

Q: 14. The Committee are strongly opposed to the suggestion for raising the minimum weight for "smalls" carried by Goods train. The statement that the existing minimum weight for "smalls" consignments involves duplication of services both by Goods and parcels trains and results in wasteful operation is correct only to the extent that transport by Goods trains is not always available and consignors are often

compelled to despatch their goods by Parcels trains by paying higher freight because of their inability to secure booking by Goods trains or for fear of long delay in transit and greater chances of pilferage and damage.

Under the existing system, "small" have to bear disproportionately high freight rates even by Goods trains and any rise in the minimum weight for them would further increase the burden thereon.

It may be pointed out, in this connection, that many traders have suggested that the minimum weight for charging freight should be reduced to 10 seers in the place of 20 seers, as noted in Rule 84 of the General Rules for acceptance and carriage of Goods.

Q: 15. The Committee are emphatically against the course suggested which will immediately lead to a raising of freight charges on a large number of commodities. Different groups of commodities have different values and transportation conditions, and the Committee do not see how they can be placed under one class up to any stated distance without serious repercussions on movement beyond that distance and diversion of a proportion of the traffic to road.

Q: 16. (i) The existing "W" condition has been laid down presumably on the basis of the normal maximum loading capacity of an average 20-ton wagon with the most bulky commodity in a "class". In view of an average increase in the marked carrying capacity of the majority of the wagons at present to 22 tons, there may be some scope for raising the minimum weight condition for qualifying for wagon-load rate in some cases.

Any upward revision in the existing "W" condition may, however, adversely affect trade and industries if the same is generally brought about, in as much as it is understood that the existing "W" condition for some goods is already too high, and that it is not often possible to load certain traffic up to the maximum for which freight has to be paid. As instances may be mentioned the cases of the Glass and the Biscuit Industry. The former has been seriously affected by the recent upward revision of the minimum weight condition on the Eastern and South-Eastern Railways from 120 to 160 maunds per B. G. wagon for glassware under Division C. Glasswares are not only bulky but are also extremely fragile and wagon of usual size can never contain 160 maunds of glassware in normal packing to ensure safe movement.

The Biscuit Industry has drawn attention to the fact that the minimum weight condition applicable to it had some time back been increased from 120 to 240 maunds. It has been stated that it is not possible in any case to load more than 1200 tins, each weighing not more than 6 seers, in a 4 wheeled B.G. Wagon and that the total weight can in no circumstances exceed 180 maunds. The Industry had, therefore, made repeated representations to the Eastern Railway for necessary relief, but the Railway Authorities have persistently refused to reduce the weight condition to less than 225 maunds.

(ii). This suggestion would entail an increase in the charges for the movement of

'small' which are already very high, and would discourage such traffic.

(iii). The Committee fully agree with the suggestion for offering a reduced rate or a rebate on the freight rates for quantities loaded beyond the "W" condition fixed for the different commodities.

This will certainly encourage loading to the fullest extent of the capacity of wagons supplied and to the utilisation of wagon space.

It may, in this connection, be pointed out that it is normally possible for Vanaspati factories to load even to the extent of above 600 mds. in a 22 ton B. G. wagon. To do this, however, the factories have to make some endeavour to secure orders in big lots which they can do only if they can offer a little reduction in their freight bill for loads over, say, 400 mds.

The Committee believe that similar advantages may be offered for other commodities also if freight rates for quantities beyond the minimum weights per wagon were reduced.

Attention may, in this connection, be drawn to the difficulties experienced by a number of industries due to the non-quotation of wagon-load scales for them, even when traffic is offered in wagon-loads. The solution of the problem does not lie in the application of class rates for wagon-loads, but for special scales for such loads.

It has been stated on behalf of the Vanaspati Industry that the factories indent B.G. wagons when they find they can load to the existing 'W' condition, i.e. 240 mds.; very often, however, they load the wagon with larger quantities. If, however, a sufficiently low wagon-load scale was allowed with a minimum load of 300 mds. it would encourage the industry to load to the full. It has been stated that the extra load will compensate the Railways for any loss due to lower rate charged and will, at the same time, ensure economic utilisation of wagons.

It has also been stated that no wagon-load scales are at present provided for

- (a) Medicines,
- (b) Toilet requisites and hair oils,
- (c) Surgical Dressings,
- and (d) Alum.

There should be special rates of freight on a reduced scale on these commodities in case of wagon-load consignments.

Q: 16 (A) (i) As has been indicated in reply to Q: No. 16 (i), there should be some relation between the "W" condition applicable and actual loading possibility of different commodities in the light of their volume for weights.

(ii) As regards varying minimum weight condition for wagons on different gauges, the same principles stated above should apply with the provision that where through booking is required for traffic involving transshipment, the minimum for the forwarding station should be applicable throughout.

Q: 17. Train load rates may be introduced principally for the transport of mine-



rails from the mines to the ports, for purposes of export, as for manganese ore and for foodgrains specials to meet emergencies.

The application of this principle to the transport of coal for use by indigenous industries is, however, not free from difficulties. The reduction of freights on coal of train-loads will give an unfair advantage to larger consumers who are, however, comparatively few in number. The Committee also understand that there are not many collieries which can send one train-load. Train-load-rates will, therefore, benefit only a few consumers and a few collieries.

Q: 18. An additional charge may be levied for special express goods services provided that the extra charge is refunded in case of delay. For such service the commercial community may be prepared to pay a small extra charge, but the quantum of the same must not be too high specially in consideration of the better turn round of wagons and greater utilisation of wagon space that may be secured thereby and consequent economy achievable by the Railways.

The Committee would further like to emphasise the necessity for completing deliveries within a guaranteed maximum time limit. It is reported that the express goods services so far introduced have only slightly improved the position and instances have been known of such service taking more than a fortnight for traffic between Howrah and Nagpur.

The provision for refund of the extra charge in case of delay is, therefore, very important.

Q: 19. Crane charges should be levied on the basis of the weight of the goods lifted and not on the basis of the lifting capacity of the crane made available.

In view of the very far-reaching developmental projects to be undertaken under the Second Five Year Plan involving movement of heavy machineries, the Committee consider that the charges for cranes should be reasonably low. Otherwise, there is every danger of the development of industries in different regions being hampered. The actual rates to be charged on maundage or tonnage basis should in no case be higher than the prevailing local labour rates for loading and unloading goods in bulk.

The Committee are further of opinion that the haulage charges for cranes should be for a reasonably maximum distance, not exceeding 50 miles. They would draw attention

to the paucity of mobile cranes on a number of sections and trust larger provisions would be made during the Second Plan period for such cranes in order that there may be no necessity for hauling cranes from longer distances.

It is also necessary to ensure that no demurrage is charged till the Railways are able to supply cranes.

Q: 20. The Committee have no suggestion to offer on this question.

Q: 21. (a) & (b) For the following reasons, the Committee do not support the suggestion that there should be any positive steps taken to discourage traffic in "smalls" from moving by Railways over short distances.

In the first place, they do not agree that short distance charges, which are fairly high, are always unremunerative. If at all, the remedy should be to bring about improvements in operational conditions and to reduce the costs rather than to throw away traffic. It must be remembered that, in addition to short distance charge, the terminal charges realised also add to the total costs of transport over short distance and these leave some margin for the Railways.

In the second place, alternative means of inland transport are not at present adequate or dependable.

In the third place, any alternative transport by road or river may not be suitable for certain types of goods which may not be moved in full truck loads.

The Committee are, therefore, of opinion that it would be better if traffic is permitted choose its own transport.

(c) In the interest of over-all rational use of all forms of transport, some adjustment of freight rates to encourage integrated or co-ordinated rail-cum-coastal steamer transport may be desirable. This course is particularly to be preferred in cases of commodities—moving in large quantities for the transport of which the time factor may not be considered essential.

At the same time, it is necessary that the Railway freight rates should not be kept at an unduly high level, as compared to coastal steamer freights. The Committee would, in this connection, refer to the complaint made by the Rubber Industry that the railway freight rates for such rubber goods as hose pipes, cycle tyres, etc. are much higher than the corresponding steamer freights. This would be evident from the following table:

#### FREIGHT RATES FROM CALCUTTA

Destination	Railway freight per maund				Steamer freight per ton of 16 Cwts.				
	Rs. A. P.				Rs. A. P.				
Bombay	...	6	9	4	EX Shalimar	}	41	8	0
		6	14	0	EX Howrah				
Madras	...	5	9	11	EX Shalimar		41	8	0



Q: 22. So far as high-rated goods are concerned, railway rates are often higher than corresponding road service charges, taking into consideration transport to and from rail-head points.

As for low-rated goods, however, the average freight rates for short distances by roadways up to 10 miles or below appears to be about -/10/- per ton mile, the rate being lower for longer distances which is about -/8/- per ton mile for distances up to 20 miles and -/6/- for distances beyond 20 miles.

The freight rates on inland water-ways are not generally determined according to distances. They are based, more or less, on average turn-round time taken to cover a particular distance. A rate of 3 pies per maund per mile is generally considered to be a good rate for inland-water-crafts: country boats or small steamers, for small loads. For full loads upto 500 maunds and above, the rate of Rs. 20/- per hundred maunds for a distance of above 80 miles appears to be normal. This works out at 0.48 pies per maund per mile, which compares favourably to Class I rate on Railways.

Q: 23. There is considerable force in the suggestion that a Freight Pool may be created for a very limited number of commodities which are basic raw materials, such as, coal, iron and steel, fertilisers, cement, salts, etc., which can only be available in particular localities.

At the same time, account has to be taken of the fact that a large number of industries has been developed and has been localised in particular areas in consideration of geographical advantages, among other factors. Any rate modification through a system of freight pool, in the interest of reducing the burden of freight for longer distances, is bound to raise short distance charges and thereby affect the existing industries adversely.

The Committee are, therefore of opinion, that the principle of freight pool may, if at all, be applicable only to help newly established industries. An alternative of quoting "Blanket rates" between two regions on a planned basis may be examined.

The Glass and the Oil Mills Industries of West Bengal have suggested that a system of freight pool should be introduced in respect of the transport of raw materials required by these industries, such as sand, lime, limestone, dolomite, and saltpetre in the case of the former, and oilseeds for the latter.

As regards fertilisers, the Committee understand that the fertiliser pool is in the sole charge of the Ministry of Food and Agriculture, Government of India, New Delhi, who fix the rates for cost and freight as also direct distribution through the various States Agricultural Departments and such bodies as the Tea Board and Coffee Marketing Board.

The Committee approve of the suggestion that traffic moving over a minimum distance should be excluded from the operation of freight pool, if any. While the actual minimum distance would depend upon the traffic conditions of particular commodities, the Committee feel that it

may be convenient to exclude from the operation of the Pool traffic moving up to 100 miles at least on the basis of the first leg of telescopic wagon-load scales.

Allied to the question of freight pool, is that of zone rates for such articles as coal, salt, iron and steel and paper. The Committee would suggest for the consideration by the Enquiry Committee the adoption of the same rates for coal transported from all collieries situated within a coal-field or a well defined area to the same destination.

Q: 24. The Committee do not consider that there is any case for a uniform pooled freight on all raw jute products transported to Calcutta, mainly because the quality of jute produced in areas like Assam and Terai is much superior and the higher freight rate payable is often compensated for by better prices which they command.

Q: 25. General questions of policy should be laid down by the Government and the Railway Board, within the framework of which the pool may be allowed to be worked by organised and large industries themselves without necessitating intervention from a Government Agency or Railways in day-to-day administration.

Q: 26. Generally speaking, the Committee are in favour of modification of the present freight structure to help the development of industries and trade indicated in the Second Five-Year Plan. In particular, they feel that the freight rates on raw materials and fuels should be fixed at a reasonably low level to encourage industrial development and further economic progress.

Until, however, the picture for the development of particular industries or agriculture under the Plan is known and takes a concrete shape, it is hardly possible to make any concrete suggestion for the modification of the present freight structure.

Q: 27. The Committee are not aware of any instance in which the Railway Administration has waived the "short distance" charge on any ground. On the contrary, requests for special consideration even for traffic moving from one part of a Station to another, where several sidings are worked, have had been turned down.

In a concrete case, which has been reported to the Chamber, Messrs. N. Sanyal & Co. Ltd., had (in their letter No. E.I./155 dated the 23rd November 1950) sought specially reduced rates for movement of stone chips and bricks between the Maharajpur Brickfield siding and the Maharajpur Quarry siding a distance of less than two miles and between the Maharajpur Quarry siding and Sakrigalighat a distance of about 5 miles. In his letter No. C.R./17-B.S./P.T./2/89 dated 12th/15th December 1950, the Chief Commercial Manager, East Indian Railway, stated that only the class rate, with a minimum of 0-2-1 per maund O.R., C.C; L. subject to the minimum charge of Rs. 1-12-0 per maund, was applicable and no special consideration was shown. As a result, the traffic did not move by rail and was forced to the road and to country boats.

Q: 28. As already stated, the acute shortage of wagons and the existence of a sellers' market, etc., absorbed the attention of trade and industry to such an extent

between 1948 and 1953 that the question of high freight rates did not disturb industrial concerns to a greater extent as to induce them to ask for station-to-station rates.

Even so, the Committee have been informed that the requests made by a few industries for such concessional rates have in many cases been turned down by the Railway Administration.

The Committee had themselves taken up the question of a lower classification for Vanaspathi *vis-a-vis* Ghee with Sri K. C. Bakhle, the then Chief Commissioner of Railways, at a Conference held at the Chamber-premises on the 25th July 1954. In the course of discussion, the Chief Commissioner pointed out that the matter had been discussed threadbare with the Ministry of Agriculture and other officials concerned, and that according to the latter, the traffic was moving quite smoothly at the existing rate, and as such he did not see any justification for placing Vanaspathi in lower class as hydrogenated oil as suggested by the Committee. On being further pressed on this question, the Chief Commissioner suggested that the case might be referred to the Railway Rates Tribunal for their necessary examination.

The Committee have also been informed by the Bengal Glass Manufacturers' Association that, in reply to its representation for lower rates for both raw materials and finished goods of the Industry, the Board had informed the Association on the 7th May 1953 that "although freight rates (of raw materials) are fixed according to the ability of each commodity to pay for transportation Railways cannot be expected to carry traffic at uneconomic rates. The incidence of freight on the prices of low priced commodities, when these are carried over long distances is, therefore, generally high. This factor by itself does not justify any downward adjustment of rates."

As regards the rates for the finished products, the Board stated that "the withdrawal of the special rates from Calcutta to Bombay, Madras and Delhi in 1948 was due to the fact that the transport and economic conditions under which those low rates were originally quoted, no longer prevailed and the continuance of those rates would have amounted to according undue preference."

Q: 29. *Vide* Replies to Question No. 1 (b).

Q: 30. The Committee are of opinion that facilities in respect of station-to-station rates should be provided for fostering the development of industries, both old and new, and also for assisting the export trade. At present, trade and industries find it extremely difficult to secure such relief, particularly in respect of station-to-station rates for the procurement of raw materials or for furthering exports.

A number of industries have reported their inability to utilise fully their installed capacity because of the refusal of the Railways to quote special or station-to-station rate. It is essential that the rates structure should provide for relief in this form to individual industries whenever a satisfactory case is made out for the same.

The Committee, however, consider that it may not be possible, having regard to the financial position of the Railways, to grant such facilities on a large scale, and they would, therefore, suggest that reduced station-to-station rates should be granted only in case of large scale booking and guarantee of a regular minimum traffic over a period.

As regards exports, the Committee would particularly refer to the need for restoring the old freight rebate on export of coal. Indian coal is gradually being ousted from the overseas market, and it is essential that suitable reduction in the freight rates on export of coal should be allowed to enable the retention of the foreign market.

Q: 31. Generally speaking, a freight rate policy under normal conditions and on commercial considerations only should be based on

- (a) needs of Railway Finance ; and
- (b) economies of transportation covering consideration, such as
  - (i) the value of service and what the traffic can bear ;
  - (ii) cost of service ;
  - (iii) packing and handling conditions ;
  - (iv) bulk compared to weight and value ;
  - (v) volume and direction of traffic ;
  - (vi) competition with other transport services ; and
  - (vii) transportation conditions.

In a Welfare State, however, working towards a socialistic pattern of society, other socio-economic objectives, such as the following cannot be overlooked:

- (a) A balanced development of the economic life of different parts of the country and sections of the people ;
- (b) Fostering the development of industries, for which the country possesses natural advantages in competition with foreign products ;
- (c) Raising resources for the development of rail-transport in areas not properly served by Railways at present ; and
- (d) Social or political relief and concessions.

The Railway freight structure should not, however, be utilised for these objectives without ample safeguards and proper limitation. The Committee strongly emphasise that great care should be taken to prevent, in the first place, large scale concessions, inevitably leading to higher charges elsewhere and, secondly, undue privilege and favouritism being extended to such an extent regardless of commercial considerations as may lead to wastefulness and losses.

Q: 32. Generally speaking, the Committee are of opinion that the Railway freight structure may be utilised to assist the development of particular industries only to the extent wider national interests may justify the same and where other forms of encouragement are simultaneously provided.

As has been stated earlier, in a Welfare State, working for a socialistic pattern of society and trying to have a planned development of economic life, the utilisation of the Railway freight structure to assist the development of particular industries is not only permissible but perhaps inevitable.

There should, however, be some restrictions on the nature and degree of assistance that may be provided for the development of particular industries, or for fostering other interests, in order that parochial and political considerations, not always in the best national interest, may not be brought into force for utilising the Railways in furthering local interests.

Q: 33. Subject to the qualifications mentioned below, no special assistance should be rendered to new industries to an extent as would prejudice the interests of the existing industries.

In the first place, if any integrated plan for the balanced development of industry and trade and economic development of any particular area is adopted, the Railway Administrations may be called upon to extend due co-operation by opening new lines and providing traffic facilities, so as to ensure the supply of raw materials and marketing of finished goods on an economic level. The choice of such industries and areas must, however, be made with the greatest care, so that the overall economic development of the country may not receive a set-back through discriminatory or preferential treatment affecting existing industries prejudicially.

Secondly, the question of offering lower rates for the transport of the products of new industries in order to enable them to compete with imported goods has to be dealt with very liberally.

Q: 34. The Committee agree that, in a few cases where construction costs, provision of bridges and tunnels as well as additional operational costs, so demand, charging on the basis of inflated mileage for a limited period may be justified, only if the traffic resulting from such development can bear the same. They would, however, point out that the nature and extent of assistance required in a particular case for developing under-developed areas must be determined by an integrated Plan embracing all classes of development and taking into account the costs involved. The method of recovering the same in a particular case on the basis of inflated mileage for charges should be a part of the overall planning but not necessarily adopted in all cases, or even in a majority of cases. For, projects that would not be financially justified might hardly bear the additional burden imposed by the system of charging on the basis of inflated mileage and, where such projects must be undertaken on grounds of general economic development of the country, the basis of charging on inflated mileage may not be advisable.

Q: 35. Subject to the observations made in answer to Questions 36 and 39, the Committee would point out that the general freight policy followed till recently by the Indian Railways system, in accordance with the recommendations of the Ackworth Committee of 1921, appears to be the best suited to the requirements of the country. The

Railways should not be regarded as the milch cow of the Government to be tapped at will for raising revenues. At the same time, the general tax-payers should be provided with a reasonable return on the Capital invested in the Railways.

On the other hand, too much adherence to absolute commercial principles demanding a rates-structure independent of the consideration of the general interest of the community and basing the rate on a purely profit motive without any regard for the economic and industrial development of the country cannot be justified under present-day situation.

The double objective referred to in the question can be secured by the imposition of a statutory obligation on the Railways to pay a minimum annual contribution to the general revenues making due provision for depreciation, replacement and development, and general reserve and a suitable abatement therein in the event of the Railways being required to offer special facilities and concessional rates for the benefit of any particular industry or area to meet the requirements of the Planned Development of the country. Such an arrangement is not quite unknown in the management of State-owned railways in some progressive countries, such as Germany.

Mention may, in this connection, be also made of the recommendations made from time to time by the Tariff Commission and such *ad hoc* bodies like the Fiscal Commission and the Export Trade Promotion Committee for the grant of special tariff concessions. In very few cases, have the Railways so far accepted these recommendations.

Q: 36. The following services should be financed by the Railways out of their current revenues:

- (i) All direct transportation and commercial services including the maintenance of
  - (a) tracks, permanent way, works and signals;
  - (b) locomotives and rolling stocks.
- (ii) salaries and wages of Railway Staff (including Headquarter's establishment);
- (iii) depreciation and replacement of obsolescence,
- (iv) amenities for users, both passengers and goods, including Station-terminal facilities and train service conveniences;
- (v) deficit, if any, on restaurants and catering arrangements, refreshment rooms and rest rooms, refrigerated goods vans, cold storages, etc.;
- (vi) health services including sanitary provisions and reasonable medical attendance to passengers and staff;
- (vii) reserve fund for equalising financial fluctuations and maintaining stability of rates and fares.

In addition, the current revenues of the Railways should finance only such improvement works as can be rightly placed under Revenue expenses in accordance with the

definition accepted by the Income-tax Department.

Attention may be drawn, in this connection to Sec. 93 of the British Transport Act of 1947.

Q: 37. This question is analogous to Question 33 and the observations made in that connection may kindly be referred to.

The Committee do not normally favour the utilisation of Railway facilities for the development of Village and Cottage Industries in a manner that would be prejudicial to the development of large and medium industries. They believe that if the operational and commercial principles so justify, the only way in which the Railways can help the development of village and cottage industries is to offer special rates for the bulk movement of raw materials, such as, coal, yarn, etc. and finished products, when clubbed together, through suitable Co-operative Organisations, on condition, that the latter may offer wagon-load traffic and maintain suitable godowns at rail-head points.

Q: 38. Some cases of conflict in the policy pursued by the Ministry of Commerce and Industry and the Railway Board have been brought to the attention of the Chamber.

Mention may, first, be made of anomalous position created in 1950 by the fixation of the Railway freight on Cotton Waste Blankets from Bombay to Howrah at about 9% of the value of one bale as compared to the then maximum profit margin allowed by the Government of only 7% over the ex-mill price. The Committee had taken up this question with the then Chief Commissioner of Railways in 1950, but were asked to refer the matter to the Ministry of Commerce and Industry who, on their part, did not, however, raise the profit margin.

The Committee believe that there are other instances also of such fixation of ceiling prices during the control period without due regard to the Railway freight and cost of transportation involved. They need hardly stress that such fixation of controlled price seriously affected the proper production and distribution of goods.

The Committee had also drawn the attention of the Railway Board on a number of occasions to the refusal by the Railways to accept mill-packed cotton piece goods bales as sound for the purpose of Railway transit. The packing conditions prescribed by the Railways and those by the Textile Commissioner have continued to be different in certain respects, and attempts made by the Chamber to bring about a reconciliation between the two sets of packing condition have not so far produced helpful results.

Q: 39. The Committee have no information as to which particular commodities are, at present, carried at rates below cost of transport. In fact, there is no information at the disposal of the Committee to estimate the costs per unit or the over-all costs.

In their opinion, the cost of transport should cover the following three elements:—

- (a) direct cost such as loading and unloading coal and stores consumed and salaries and wages to the running staff;

- (b) supplementary costs, such as charges for maintenance of permanent way and Station terminals, repairs and replacements, and establishment charges on account of non-running staff including the offices of the General Managers and the Divisional Superintendents;

- (c) Overhead charges, such as interests on Capital outlay, Contribution to General Revenues, depreciation and reserves, etc., establishment charges on account of the Railway Board.

The Committee are of opinion that the first principle which the Railways must observe, in this connection, is that the direct cost must always be covered. At the same time, if the available capacity for handling traffic is not otherwise fully utilised, it is in the interest of the Railways to carry some commodities even if, after covering the direct charges, they leave some margin, however little, towards meeting the supplementary and overhead costs referred to above. In fact, subject to the direct costs being covered, the Railways should never quote rates, such as would retard the movement of goods essential for the development of trade and industry and would restrict the supply and services to the community so long as they have the capacity to move the traffic. The Committee need hardly stress that while railway freights should always be based on the principle of what the traffic can bear, the opposite proposition that the Railways should not charge what the traffic cannot bear, is the proper attitude to follow.

Q: 40. The Committee agree that during the next 5 years, the increased railway transport capacity will be absorbed to a larger extent by the "low-rated" traffic than by the "high-rated" traffic. They, however, at the same time, believe that with the scheme of planned development of industries and substantial improvement in standards of living visualised under the Second Five-Year Plan, the movement of "high-rated" commodities will be of sufficient volume, so as to compensate for any comparatively lower earnings from the handling of a proportionately larger volume of "low-rated" commodities. They also believe that the cost of transport services will proportionately get lower through the increased volume of traffic handled and a fuller utilisation of transport units, provided sufficiently advanced programme of railway development and expansion of railway services are taken on hand. Looking at the problem from this point of view, the picture, as presented in the question, appears to ignore a very important aspect of the results of development.

In case, however, the Planning Commission recommends and the Government on their part accept any development programme without due regard to its impact on railway revenues and the capacity and resources of the Railways, the short-fall, if any, in the revenues should, in all fairness, be met from the contribution payable by the Railways to the General Revenues. It is hardly fair that the Railways should be asked to raise additional revenues by fleecing normal trade and traffic to meet any loss resulting from



the pursuit of any policy that the Government may seek to impose on the country for reasons not connected with railway movement.

The attention of the Committee has, in this connection, been drawn to a report appearing in the Press that the Railways would be expected to raise during the Second Five Year Plan a sum of Rs. 50/- crores in addition to their normal resources in order to finance the Railway Development Scheme. If this report is correct, the Railways evidently propose to increase the freight rates which, as the Committee have already indicated, are already very high.

The Committee cannot but strongly oppose this suggestion which has been made even before the Railway Freights Structure Enquiry Committee have had an opportunity of examining the whole subject particularly with reference to the ability of trade and industry to bear the burden of the increased freight.

Q: 41. The Committee realise that one of the methods to meet the situation arising from fluctuations in the competitive conditions in the export market is to adjust Railway freights to the varying condition from time to time. Such adjustments may be made by the provision of a reasonable fixed basic rate, with scope for surcharge and rebate in suitable cases. But at the same time such manipulation of railway rates to fit in with the changing course of international commerce involves considerable practical difficulties in the existing set up of our economic structure.

The other method would be to retain a stable rate, irrespective of varying factors in international trade, with the consequent responsibility imposed on the Government to find other ways for bringing about the necessary adjustment by manipulation of fiscal measures.

This is also possible only in the case of those commodities which are subjected either to an export or an excise duty or both.

As, however, by far the larger number of India's export commodities are exempted from any export or excise duty, their case has to be examined on some other basis.

Q: 42. The traffic results such as may be obtained from the railway records should be looked into for an answer to this question. So far as West Bengal is concerned, partition of India has caused a substantial shift on the pattern of traffic.

Q: 43. Please refer answers to questions 1 and 29.

Q: 44. The Committee believe that particular Industrial Concerns and Industrial Associations have furnished information on the points raised in the question.

Q: 45. The Committee have no information on the subject.

Q: 46. The Community Development Projects, Rural Developmental Schemes, Mor and D. V. S. Projects are likely to increase substantially the traffic in agricultural produce in Eastern Railway area and the commodities likely to be demanding substantial increase in transport arrangements

are jute, rice, sugarcane, pulses and oil-seed.

Q: 47. Refer to the answer to Question 37.

Q: 48. It is not possible to answer this question, as schemes for the development in the private sector have not yet been finalised. Substantial improvement is, however, expected in Durgapur and Kalyani areas in West Bengal.

Q: 49 to 53. It is too early to visualise the additional traffic likely to be obtained from the developments under the Second Five-Year-Plan.

Q: 54 & 55. Refer to answers to questions No. 31 and 35.

## PART II

Q: 1. (a) As far as the Committee are aware, between 80 to 85% of the Commodities are at present booked by traders at Railway Risk rates and about 15 to 20% at owners' risk.

The figures may be checked up from Railway records.

(b) All high-rated commodities, Grains and Pulses, Piecegoods, Medicines, Tea and Jute are among the goods which move at higher railway risk rates where alternative owners' risk rates are available.

(c) Yes. Larger percentage of goods have been moving at Railway Risk rate for some years past, mostly because of the following factors:

(i) Alternative owners' risk rate is not allowed in respect of many commodities; and

(ii) Loss and damage in transit, including pilferage is very high.

Q: 2 & 3. The Committee do not consider that traders resort to private insurance to any appreciable extent, except in regard to the "Excepted goods".

Q: 4 to 6. The Committee have no information on the points raised.

Q: 7. Little benefit has been derived by the trading public from the new provision of the law extending to cover cases of negligence in addition to cases of misconduct in the matter of assessing the Railways' liabilities in respect of defectively packed goods and animals, or goods carried or deemed to be carried at owners' risk rate, principally because it is quite impossible for the trading public to prove negligence on the part of the Railway Administration. Although some Courts of law have ruled that the Railways have to disclose all processes in connection with the transport of goods, it is never practically possible for the traders to obtain necessary details. There has, however, been some improvement in the psychological attitude of the Railway staff towards the question as a result of the extension of the liability of the Railways to cover negligence, and better supervision is reported generally to have been indicated.

Q: 8 to 11. In the opinion of the Committee, alternative Railway Risk and owners' risk rates should be quoted over as wide a range of goods as possible. The only exception to this Rule should be those



goods which, for obvious reasons, do not move under either one or the other category.

There is considerable scope for quoting alternative owners' risk rate, as a large number of commodities moves in Smalls or in wagon loads and provision should be made for both the risk rates under such condition or conditions of commercial and operating nature as the Railways may determine, leaving the choice of a particular rate to trade.

Unfortunately, the present practice does not permit such a choice to the consignors in respect of a large number of commodities where either owners' risk rates or higher Railway Risk rate may be availed of, and parties are often compelled to pay the higher Railway Risk rate for goods carried only at owners' risk because of defective packing conditions or similar other reasons. Such practice should be discontinued.

Q:12. The normal differences between the Railway Risk rate and owners' risk rate work out approximately to 12% to 20%. The Committee are, however, of opinion that if, in any particular case, a trader is prepared to accept owners' risk movement where alternative Railway Risk rate is also quoted, he should have the benefit of a rebate to the extent of at least 33% on the rate quoted.

Q:13. The present practice should be continued.

Q:14. Section 72A of the Indian Railways Act does not lay down any condition for execution of forwarding notes in respect of animals or goods, but merely requires the sender or his agent to execute a Note in such form as may be prescribed by the Railway Administration and approved by the Central Government, giving certain particulars required.

The forwarding note forms as at present approved under Section 72A of the Act are of three types, viz.,

- (a) for general merchandise,
- (b) for animals or consignments containing articles enumerated in the second schedule of the Act, other than dangerous goods; and
- (c) for dangerous goods.

These forms have eliminated, with effect from 1st August 1950, the necessity for executing the various risk note forms which were in use previously.

The elimination of the risk note forms has undoubtedly instilled confidence among the trading public, but the declarations which have to be appended to the forwarding notes are hardly capable of being entered into by the consignor or his agent when tendering the goods and, as a result, the vital conditions on which the legal responsibility of either party rests are often written out or deleted by the Railway staff without often the knowledge of the consignor.

The Committee would, therefore, suggest that, as a normal course, the forwarding notes should be made out on the basis of availability of both Railway risk and Owners' risk alternate rates, one of which must be

declared by the sender as his choice, standard conditions of packing, loading into proper type of wagons, and the cheapest route for the movement to be followed. In case of deviation from these standard terms of freight and other charges in connection with goods movement, specific declarations by the consignor or his authorised agent should be insisted upon either on the body of the same form or separately as may be found convenient.

Q: 15 & 16. The packing condition at present laid down are rather too stringent for a number of commodities and require revision in the light of present day conditions of work.

It is not in the interest of the trade to have compulsory packing conditions extended to a larger number of commodities.

It is sometimes found that the packing conditions laid down by Railway Administrations are different from the standard packing conditions followed by factories and overseas exporters, or by such Governmental authorities as the Textile Commissioner. To bring these in tune and to avoid misunderstandings, periodical revisions of packing conditions should be undertaken in consultation with the Trade.

Q: 17. The Ministry of Agriculture, Government of India may be requested to examine schemes of suitable warehouses to be put up at Railway head points for storage of agricultural products, prior to dispatch. After delivery at the Railway head point, some may be left to private efforts and to road or river transport undertakings where co-ordinate railway-cum-river or railway-cum-road transport may be arranged.

Q: 18. Under the Indian Law, the Railways are not treated as "Common Carriers" but are "Bailees". A Railway administration is not, therefore, in the position of insurers as Common Carriers, when it accepts goods for transmission. The general liability is limited to that of a bailee as defined under Sections 151, 152 and 161 of the Indian Contract Act.

Protected under such provisions, Railways often repudiated in the past claims for loss or damage to goods entrusted to their care, unless misconduct, which is something more than negligence, could be proved. Even for damages due to leaky roofs of wagons or losses due to running train thefts, the liability is not accepted by the Railways.

The position in this regard has, however, slightly improved since the amendment of 1949 extending the Railways' liability to cover cases of negligence in addition to cases of misconduct, but, as explained in reply to question 7, the benefit derived from this amendment has not been noticeable. Railways often also seek to shirk this responsibility for goods tendered to them and detained in the sheds or left in their custody till the same are forwarded and the relevant R/Rs. issued, and also when goods, after arrival at destination, are detained before delivery beyond a limited period. The law should be suitably modified to fix the responsibility on the Railways in all such cases and provide the trading community with relief in respect of loss or damage due to leaky roofs and sides and running train thefts.

The provision to make the Railways insurers of goods carried by them may not be insisted upon, as the same might lead to an enhancement of the freight charges.

Q: 19. Doubts have been expressed as to the extent to which pilferages actually take place.

The Railways have already been taking various measures to control thefts and pilferages and the responsibility in this regard must be that of the Union and the State Governments and of the Railways. It is not understood how the public or the users of the Railway may assist in the prevention of thefts and pilferages.

Among the steps that may be suggested are:

- (a) Proper checking of the locking and protective devices on wagons.
- (b) Adequate provision for security force with effective powers obtained by, if necessary, statutory enactment.
- (c) Surprise checks by running squads at important points of destination of railway wagons.
- (d) Forced prevention of unauthorised persons from approaching railway yards and transshipment points.
- (e) Provision for running squads between stations and on sections notorious for running train thefts and due warnings to the guards and drivers who may be suspected of complicity in such thefts and pilferages.

Q: 20. In the absence of statistical data, it is hardly possible to deal with this question which may be more readily disposed of by the Railway administration. The Committee, however, feel that the incidence of theft, pilferage and damage will be considerably diminished if the Railways take proper care of the goods tendered to them. The change in the legal status from that of a "bailee" to that of a "common carrier" will automatically induce the Railways to take responsibility of the goods in their custody, and they will not have to pay larger amounts by way of compensation.

Q: 21. In regard to the payment of claims, the experience of members of the Chamber still continues to be very unhappy in regard particularly to the following:

- (a) Delay in the issue of short certificates by the receiving stations.
- (b) Delay in acknowledging receipt of claims.
- (c) Delay in acceptance of claims or dealing with any intimation of claims as such when the amount claimed is not specifically mentioned.
- (d) Delay in dealing with claims when more than one Railway Administration is concerned.
- (e) Delay due to assessment of value of goods.
- (f) Delay in actual payment even when the claim is admitted.

### PART III

Q: 1. The Committee of the Chamber feel that the experience of the last few years has not been sufficiently encouraging to suggest the widening of the functions of the Railway Rates Tribunal. The Tribunal, as at present, constituted and functioning, has taken up a too legalistic attitude in regard to matters referred to them and the benefits expected have not, therefore, been available to trade in general.

Much can be said in favour of the suggestion that the Railway Rates Tribunal should, on the analogy of the Inter-State Commerce Commission of the U. S. A. be given power to initiate investigations in regard to freight rates. But before favouring such a suggestion, the Committee would like to see that the entire outlook of the Tribunal and its set-up is so modified as to enable a proper association of business principles and the disposal of references to the Tribunal quickly and within reasonable costs to the parties.

The Committee would, in this connection, request the Enquiry Committee to consider a suggestion which has been made in some quarters that, apart from the Railway Rates Tribunal, some intermediate Appellate Authority may be set up in the Zonal Headquarters of each Railway Administration to deal with applications or appeals against decisions of the Chief Commercial Superintendent's Rates office. Such an authority, consisting of the representatives of the Commerce, Law and Finance Departments of the Railway Administration concerned and of the Users, specially those from the organised sections of the trade, would eliminate the necessity for running up to the Rates Tribunal in most cases, only such matters which cannot be dealt with by it or are not confined to dealings within the Zone being ordinarily taken up to the Tribunal. The function of such an authority would obviously be advisory in character and there should be no requirement for legalistic approach.

Q: 2. The provision in sub-section (2) of Section 42 of the Indian Railways Act limiting the power to re-classify a commodity in a higher class to the Rates Tribunal alone, only on application made by the Central Government, has provided a healthy check in the matter and this provision should not be deleted. This matter has also been referred in the Committee's replies to Q. 10 Part I-A of the Questionnaire.

Q: 4 to 7. The Committee feel that the rules of procedure laid down are too rigid and the hearings, as already indicated, are too legalistic. Arrangements should, therefore, be made to hear all cases at centres near the principal office of the complainants (a suggestion which, the Committee are glad to note, has already been accepted by the Railway Ministry) and also for receiving references and applications at Zonal Headquarters of the Railways for being forwarded to the Headquarters of the Railway Rates Tribunal.

The costs of the parties go up mainly for engaging Lawyers and experts counter-veiling the employment of similar persons to argue the railway cases. The Committee are of opinion that if the assessors entrusted with hearing of cases are given the authority

and necessary directives to take initiative in securing necessary information about the law and particular practice, they would be in a position to help the parties concerned and also in coming to a reasonable decision.

Q: 8 to 10. Regarding the composition of the Tribunal, the insistence on choosing members from persons with wide legal experience appears to be wrong. While the Committee welcome the association of a member having fairly good legal experience and acumen, there should, in their opinion, be no bar to experts and economists being appointed as members of the Tribunal. The composition of the Tribunal on the lines of the Indian Tariff Commission would perhaps inspire confidence and enable a more practical approach than what has been possible under the present arrangement so far. If this suggestion is accepted, the question of forming Panels of Assessors will not arise.

Q: 11. Suggestions for setting up an independent body for fixing freight rates do

not appear to the Committee to be practicable and, with our nationalised system of Railways and the ultimate responsibility of Parliament in the management thereof, the creation of such independent authorities or bodies is fraught with theoretical as also practical difficulties.

Q: 12. The problem raised in this Question is not easy to solve, but the functioning of a Railway Rates Tribunal for adjudicating disputes and complaints against the Railway Administration in judicial capacity is not necessarily inconsistent with the working of an Advisory Body set up on the analogy of the Tariff Commission to look into matters requiring rates revision either *suo motto* or on application of parties. The existence of judicial check on administrative or executive actions is vitally necessary in Democracy, specially to provide a healthy restraint on the abuses and interference by the party in power in disregard of fundamental principles of justice and equality.

## Bharat Chamber of Commerce,

Calcutta.

PART I-A

Q: 1. (a) *General Effect of 1948 Revision:*

For a correct assessment of the effect of the reclassification of goods adopted in 1948, it is necessary to bear in mind in the first instance that it was not merely a reclassification of goods but it was a reclassification in the framework of a rate structure revised on a higher basis of charge as between comparable class rates and comparable schedule rates as they were in force and as they were brought into force. Clearly, therefore, the revision of classification and rate structure as introduced in 1948 resulted in a markedly higher cost of rail transport as much for the industrial users of goods as for the consumers of industrial manufactures. If the situation could be regarded to admit of a brief indication, it may be stated that the 1948 rates revision over Indian Railways contributed in some definitive measure to the increased cost of production in all productive undertakings in this country dating from the mid-year of 1947. Although having regard to the varying character of Indian industries particularly as to the cost of their raw materials and stores in their respective cost schedule a generalisation should not be regarded as economically a happy one, yet as a measure of first approximation the opinion may be hazarded that higher railway rates introduced in 1948 have been responsible for a considerable rise in production cost in Indian industries. The higher rates have had their repercussion on also the export trade. The effect of such a rise on the economy as a whole is obvious. To cite an instance here: petroleum coke was until 1.7.51 used to be classified as "coal, coke

and patent fuel" but since that date has been classified as I RR, with the result that on a distance of roughly 997 miles, the freight for petroleum coke from Digboi to Jakaynagar (near Asansol) was increased from Rs. 18/12/5 to Rs. 67/12/3 per ton. Petroleum coke is a raw material used in the Anode plant of an Aluminium factory.

(b) *Effect of Telescopic Rate Structure:* Although from a technically structural point of view a telescopic pattern appears on the facade as the most pronounced feature of the 1948 rate revisions, it will be a mistake to think that factually this telescopic character of these new bases of charge influenced effective quotation in the movement of goods. The one reason why the telescopic pattern did not afford any relief to the users of Railways was of course higher bases of charge. But equally important in this context is the length of the stage in the telescopic structure. With the exception of 4 WL Schedules, C, C/Q, C/R, and E, which have a staging length of 150 miles and the first stage of 4 others, almost all other stages in the telescopic class and wagon rate schedules as introduced in 1948 were of 300 miles only. Such a telescopic pattern would appear to be in striking contrast to the pattern of telescopic schedule rates of C/G, C/H, C/J, C/K etc., as prevailed over the Indian Railways right down to 1948. The Committee are, therefore, unable to report cases in which the telescopic principle of 1948 proved helpful to the trade and industry as a whole, assuming even that cases did emerge in which the rate structure operated helpfully.

There is at least one case in regard to the operation of telescopic rate structure which in the opinion of the Committee has proved to have intensified an intra-industry competition, namely, the competition of U. P. oil mills and the Bengal oil mills both based more or less on U. P. oilseeds and marketing their product in the Calcutta and Bengal markets. Prior to 1948 rates revision the Oil Division 'D' in which mustard oil is included in its movement from U. P. mills to Calcutta, a distance of 600 to 700 miles used to pay the rail freight according to class 2A, i.e. at the flat rate of a reduced basis of charge at the rate of .54 pie per maund per mile at the second stage of its haul to Calcutta (compared to .64 pie per maund per mile in the first stage).

To take another instance prior to October 1948, jute raw used to be classified as R.R. 6 paying freight at .83 pie per maund per mile. It has since been classified as R.R. 7 paying freight at the rate of .86/300 plus .73/300 plus .58/ beyond pie per maund per mile. As the bulk of the raw jute used in the Calcutta jute mills are drawn from a distance of not more than 300 miles, the telescopic rate in the particular instance has not given any relief to the mills buying raw jute. On the other hand, the basis of charge for the transport of raw jute has gone up by nearly 4 per cent.

(c) *Specific case of Adverse Operation:* As already emphasised, the increased transport cost resulting from the new rate structure of 1948 is operating *pari passu* the other factors of cost of industrial production and as such, the increased freight factor by itself has not influenced the movement of goods traffic in so far as it relates to internal use and internal consumption. It is, however, in the movement of goods for export out of India, particularly in the heavy category, that the adverse effect of 1948 structure is discernible. Mineral ores for instance like manganese ore, iron ore which used to be classified under 1 R.R. and was subject to the scale C/O over B.N. Railway and Scale C/N over the East Indian Railway, prior to 1948 revision has now to bear freight at the rate of WL/C when booked at owners' risk and WL/CR when booked at Railway Risk. In other words the iron ores and the manganese shipment traffic arriving in Calcutta Port from a distance of 200 to 300 miles used to pay a freight based on a telescopic structure beginning from .333 and .300 pie per maund per mile (at 251 to 300 mile stage they reached the reduced basis of .170 pie per maund, per mile) but it is now paying under WL/C scale a freight which has its basis of .34 pie per maund per mile for the first 150 miles and .31 pie per maund per mile for the next 150 miles. It will be realised that although there was a spurt in inter-national prices of manganese during the Korean boom, Indian manganese cannot hold its own in the world market against West African and Russian manganese if the transport cost from the mines to the Port be not suitably reduced from the present level. Similarly, linseed and groundnut oil (Oil Division 'C') which used to pay before 1948 revision a freight at the rate of 2 O.R. that is to say at a flat rate of .42 pie per maund per mile has now to pay a freight according to 3rd class based on a telescopic structure, .64 for the first 300 miles

and .54 pie per maund per mile for the next 300 miles. If linseed and groundnut oil are to find export markets, crushing units which are situated away from the ports must have their transport cost reduced in order to participate in the export trade under competitive conditions.

Q: 2 (a) *Flexibility in the Working of Current Structure:* The Committee of the Chamber are emphatically of the view that the current rating arrangements have been set to a pattern which does not admit of any flexible handling of specific rates problems in the hands of the rates administrators. The assumption underlying the post-1948 rate structure is that once the class and the wagon schedule rates are placed on telescopic basis and are made to operate continuously along mileages of different administration no case should arise for any deviation from the rigid operation of the standard class and schedules. Such an assumption is entirely illusory. In spite of best planning as regards location of industries, these new industries—not to speak of the older established industries—throw up a whole host of transportation problems atleast in the sphere of intra-industry competition which can only be met by railways' quotation of freights specially adjusted to the needs of particular cases. It is noteworthy in this connection that the Standing Advisory Committee (Post-war Rating) appointed by the Railway Board in 1946 (associated with the work of Mr. Crawford as Special Officer, and Secretary to the Committee) in pages 21 to 22 of their Report definitely recommended that the reformed railway rates structure of Indian Railways should consist of telescopic class rates and station-to-station quotations as an integral part of it. Actually, in adopting the Crawford recommendation, the Railway Board re-introduced on a general basis the old scale rates (recommended to be abolished by the Crawford Report) in the form of WL schedules. But in correctly maintaining this valuable adjunct to the class rate system, the Railways placed the whole rates structure on too rigid a footing by abolishing and discouraging future quotation of station-to-station rates.

(b). *Actual Use of Discretion by Railways:* In the view of the Chamber even the discretion which the railway administration possesses under the existing rating arrangements is not exercised by them for the relief of the trading public, the whole outlook of the rating policy of railways having assumed a pronounced fiscal bias.

Q: 3 (i). *Number of Class & WL Scales:* Regarding the existing class rates, the committee consider their present number of 15 are suitable, this being the identical number of class rates which were in force before 1948. Regarding the WL scales there were originally 12 but the scale WL/BR has been added very recently thus increasing the number of WL scales to 13. In the opinion of the Committee this number should be reduced to 10. For instance the distinction between WL/B and WL/BR resolves itself into a difference of .02 and .03 pies per maund per mile in the second and third legs of the two scales. Again there are least 3 scales WL/E, WL/F and WL/I, each beginning as their basis of charge .49 pie per maund per mile in the first leg of 300



miles. Similarly both the scales WL/G and WL/H are based on .48 pie per maund per mile in their first leg of 300 miles. The whole framing of the schedule structures is desultory and is lacking in any logical design. The Chamber suggests that starting from .25 pie per maund per mile in their first leg the 9 other higher scales should have the basis of charge increased by .02 pie and .03 pie in their respective first legs rising to .48 pie per maund per mile in the last or the 10th schedule.

(ii). (a) *Number of Legs and Distance*

**Range:** As regards class rates the Committee do not consider that either the existing number of 3 legs in their case should be increased or the distance range of 300 miles plus 300 miles and beyond should be in any way disturbed. As already remarked, for minimum distance traffic such a leg and distance pattern is not suitable but having regard to the existence of the wagon-load schedules and the need for not disturbing railway earning to an avoidable extent, the committee are inclined to leave the number of legs and the distance range in the class rate structure unchanged. In the case of WL schedules, however, the Committee find that all of them have three-leg pattern and the distance range in 4 scales is 100 miles plus 300 miles and beyond; in 3 the distance range is 150 miles plus 150 miles and beyond, and in the remaining 6 the distance range is 300 miles plus 300 miles and beyond. In the case of WL/E scale the original distance range was 150 miles plus 150 miles and beyond but this has very recently been changed to the third category of distance range as stated above. In the structural pattern there is such a lack of uniformity and evidence of opportunism that it is difficult to resist the conclusion that the whole approach to the rate-making in the wagon-load field was empirical and inductive or in other words, designed with definite traffics in view rather than in consonance with any principle of uniformity or economic structuring. In the opinion of the Committee all the wagon-load scales should be constructed on 5-leg structure in the uniform distance design of 100 miles plus 150 miles plus 250 miles plus 300 miles and beyond.

(ii) (b) *Rate per mile in Distance Range of Classes and Scales:* In the case of class rate it is observed that from 9th class onward the rate has been advanced progressively by .07 and .08 pie per maund per mile upto class 13th since which the rate has been increased by .25 pie per maund per mile in the 14th and 1.02 pies per maund per mile in the 15th. In the opinion of the Committee the rise in the first distance range of classes 9th to 13th both inclusive should not be by more than .06 pie per maund per mile, the 14th class may have a rise by .20 pie per maund per mile and the 15th by .50 pie per maund per mile on the new rate of class 14th. In regard to the WL scales it is remarkable that between the scale WL/AR and WL/B there is a big gap of .18 pie per maund per mile in the first distance stage and a gap of .5 pie per maund per mile in the first distance stage of the scale WL/CQ and WL/CR. Again in the WL scale E and I the only difference between the two is that in the second distance stage the rate of E is .01 pie per maund per mile higher than that in the scale I. All these anomalies would

require to be corrected. As the Committee have already stated, in their opinion the number of schedules should be reduced to 10, under a uniform number of five-distance legs and that in the first leg the basis of charge should rise from .25 pie in WL/A to .48 pie per maund per mile in WL/I by a rise of .02 and .03 pie. They would now round off their observation by saying that the rates difference from leg to leg should be .03 pie uniformly in the case of first five scales and .04 pie uniformly in the case of last five scales.

**Summary of Structural Changes:** To summarise the structural changes which the Committee of the Chamber advocate, they may be stated as under:—

(i) *Class Rates:* The class rates should remain 15 in number and continue to be in the existing three-leg pattern and in the existing distance range of 300 miles plus 300 miles and beyond but the rates for the first distance range from class 9th onward should be revised, particularly in class 14th and 15th.

(ii) *WL Scale:* As regards wagon-load scales they should be 10 in number and be of a five-leg pattern, in the distance range of 100 miles plus 150 miles plus 250 miles plus 300 miles and beyond. The rates for the first distance leg should commence from .25 pie and rise progressively by .02 and .03 pie in the higher scales. The leg to leg decline in rates should be at the uniform rate of .03 pie per maund in the case of first five scales and by a uniform rate of .04 pie per maund in the last five scales.

**Financial Effect:** It is not possible for the Committee to estimate the exact financial effect of the changes in the rate structure advocated above. It is clear, however, that the effect of the changes suggested in class rates would be negligible, as the traffic in 'smalls' covered by the higher class rates would not represent more than 7 to 8 per cent of the total goods traffic measured in terms of number of wagons loaded and secondly as the number of long-distance wagon employed in traffic covered by the higher class rate is also presumed to be inconsiderable. The financial effect of the changes suggested in the WL schedules structure would be, however, sizeable.

**Q: 4. Applicability of Maximum Maund Rate on long-distance Traffic.**—Having regard to the changes which the Committee have suggested partly in the higher class rates, but more particularly in the structure of wagon-load scales, the Committee are opposed to the maintenance of these maximum maund rate which as currently applied has the effect of carrying traffic beyond 1500 miles free of any charge.

**Q: 5. Terminal, Short-Distance and Transshipment Charges.**—Of these three-fold charges which are exclusive of the charges according to rates and scales, the Committee have no comments to make with regard to transshipment charges except to point out that at present transshipment is inefficient and costly, and to suggest mechanisation at break of gauge points. On principle, they are opposed to short-distance charges, as according to the class and schedule rates structure the short-distance traffic in the first 100 miles is subject to a relatively higher



share of transportation charge. In order, however, to discourage booking of goods by railway for short distance movement to the rejection of other alternative routes particularly by means of road transport service, the Committee do not wish that the existing practice of charging a short-distance freight should be withdrawn. The Committee are of the opinion that the maximum distance to which such short-distance freight addition could be made should be increased from 75 to 100 miles. In regard to the terminal charge, the Committee are emphatically of opinion that on principle there is no case for such a separate charging. The rates for carriage of goods includes the service of loading and unloading and it is normal and logical to presume that cost of such loading and unloading service has been included in the basis of charge for carriage of the goods by the Railways. Moreover, the substantial increase made in the rates in the first distance stage of all class rates since April 1955, takes the bottom out of any claim of the Railways to maintain a separate terminal charge in addition to the freight charge according to rates and scales, for loading and unloading service extended by them. On both principle and empirical considerations, therefore, the Committee would desire that all terminal charges should be abolished. Terminal charges should not, in any case, be levied, when the route exceeds 300 miles.

**Financial Effect:**—As the loading and unloading service rendered by the railways relate chiefly to the consignment in 'smalls' and as these consignments do not comprise more than 7 lakh loaded wagons a year including BG and MG systems, the Committee estimate that the loss in revenue to the railways from the abolition of terminal charge would be Rs. 6 crores approximately (current charge estimated at 6 pies per maund on an average and the current average load per wagon estimated at 300 maunds, so that resulting loss is Rs. 9 per wagon of 'smalls'). The Committee, however, have no suggestion to make as to the method by which this loss of revenue should be recovered by the railways.

**Q: 6. Adoption of new Unit of Charge other than Mile:** The Committee do not think that such a replacement of mile rate is called for. As a matter of fact they are opposed to any change being made in this behalf.

**Q: 7. Minimum Distance for Charge:** The Committee do not wish to have any alteration in the existing position that the minimum chargeable distance for any goods booked by goods train service is 20 miles.

**Q: 8. Additional charge for Tank Wagons:** The Committee are wholly opposed to any charge being made for movement of liquid commodities in tank wagons on the ground that 'empties' have to be drawn from a particular point in order to be placed at

the disposal of the indentors. Such admissibility of additional charge for supply of tank wagons would imply that it is an act of favour on the part of the railways to supply tank wagons, whereas as a public carrier the presumption should be otherwise, namely, that the trading public has the right to call upon the railways to supply such wagons for the carriage of liquid commodities.

**Q: 9. Method of Classification and Grouping:** As regards principles underlying classification and grouping of goods under identical class, the Committee on the whole have little exception to take except that in their opinion, classification in certain cases has been unduly varied under influence of price factors. For instance the Oils, both mineral and vegetable, have been classified under 4 divisions according to the assumed disparity in prices. In this instance it will appear that the classification has been needlessly multiplied. Similarly iron and steel classified under 3 divisions, A, B and C have not much to recommend itself except the rate-makers' anxiety to raise maximum goods earning. In Iron and Steel Division 'B' for instance, Hoop Irons have been grouped with Sheets and Pipes although there are wide divergence of price of these three different varieties of iron and steel goods. Again, machine tools electrically driven, and machineries other than electricals have been classified under different rates of charges. These are matters of details and all that the Committee would desire to suggest is that the classification should be revised so as to minimise the number of divisions of a particular goods for the purpose of classification for rates. Further anomalies are the following 4: While metal scraps, such as brass, copper, lead and zinc have been classified under 3 R.R. such other scraps as bellmetal, aluminium and bronze have been classified under 7 RR. In regard to copper alloys, while gun-metal Ingots have been classified as 4 RR, other copper alloys such as bellmetal and bronze have been classified as 8RR although the prices of gun-metal, bronze and bellmetal are almost identical. Again the N.O.C. entries should be minimised as much as possible in the general classification of goods, as such entries tempt the booking staff to charge goods under higher N.O.C. rates to the rejection of lower rates to which a particular goods is chargeable with reference to comparable items.

**Q: 10. Modifications in the General Classification:** The principle of classification apart, the Committee of the Chamber have doubtless many comments to offer on the existing general classification. Without intending to make an exhaustive listing of these suggestions for modifications the Committee would set forth the following suggestions in terms of existing rates and scales but not for obvious reasons, in terms of the new structure of rates and scales as enunciated by them earlier in this memorandum:

		Existing Classification.	Proposed Classification.
1. Oilseeds	... ..	4 RR WL/H	2 RR WL/E
2. Ores	... ..	1 RR WL/C: OR WL/CR: RR	1 RR WL/AR: OR WL/C: RR
3. Machinery other than Electrical ...		6: RR 4: OR	4: RR 3: OR
4. Cotton Raw — Full Pressed	...	8	6
Half Pressed	...	12	8
5. Copper Ore	... ..	3	1
6. Aluminium Scrap	... ..	7	3
7. Bronze Scrap	... ..	7	3
8. Nickel Copper Zinc Alloy Scrap	...	14	4
9. Phosphore of Copper	...	14	4
10. Mica, Sheets, blocks.	...	8: RR	6: RR 5: RR

- Note:—**1. Before 1948 oilseeds used to be classified as CB/CM, the same as for grains and pulses which are now classified under WL/D.
2. Prior to 1948, ores used to be classified as C/O over BNR and C/N over EIR [Vide Reply to Q: 1 (c).]
3. Machinery requires a lower basis of charge.
4. From pre-1948 classification of 4 and 6 the present classification is much too high.
- 5 to 9. On price-basis the existing classification is much too high.
10. Previous classification was so low as 4 RR.

**Q: 11. Relative Rates Proportion between 'Smalls' and Bulk Consignment:** Speaking in approximate terms the rates for wagon-loads in the first leg should be very much lower than the first leg rate of the corresponding class rate applicable to the movement of same goods in 'smalls'. It is noticeable that in the formula herein enunciated the relationship established is between the basis of charge in the first leg of the class rate and in the first leg of wagon-load rate. It is difficult to enunciate a formula of overall relationship between two quotations for every distance for which goods are carried. Traffic in wagon-loads should bear at least 10 per cent lesser charge than 'smalls' traffic.

**Q: 12. Minimum Ton Rates in Wagon Loads:** The present minimum ton rate works out to roughly one anna per maund and assuming the lowest basis of charge as 25 pie per maund per mile it will appear that the minimum rate per ton in wagon-load shall be payable on a minimum distance of 48 miles. Any gap between the minimum wagon-load condition and the carrying capacity is not more than 5 per cent of the carrying capacity of the wagon and as such it would seem that there is not much point in maintaining the present minimum ton rate based on the carrying capacity of a wagon. The danger of under-earning arises only in the case of short-distance traffic. Against this there is ample safeguard in the form of short-distance charge which the Committee have already agreed to be maintained upto a distance of 100 miles.

**Q: 13. Minimum Charge for Small Consignments:** The Committee are of the view that the present minimum charge of Re. 1/- per consignment for 'smalls' should be maintained. It should not in their

opinion be varied with the class of commodities booked.

**Q: 14. Minimum Weight for Consignment in 'Smalls':** Here also the Committee would maintain that the present minimum weight of 7 seers for a consignment of 'smalls' by goods service should be maintained. There does not seem to be an arguable case for raising this minimum weight from the present 7 seers; as within a thinkable range of raising, the number of small consignments of a weight round about the minimum will by no means decrease. Accordingly it is better to leave unaltered the present 7 seer weight as the minimum acceptable weight of the goods tendered for booking.

**Q: 15. One-Class charge for 'small' consignment upto a given weight.**—The Committee consider this as a wholly misconceived proposal motivated by a bias against all booking of consignments in small. Actually the smalls constitute an important part of the entire railway traffic, being as much as 14 per cent of the total in 1953-54, measured in terms of number of wagons loaded. If an assessment is made of only the general merchandise traffic the number of traffic in smalls will be in the region of 20 per cent and it would be an unjustified bid to simplify problems of transportation by subjecting the traffic in smalls to heavy burden of higher rates in the manner suggested here. The Committee, therefore, have no constructive suggestion to make in this behalf.

**Q: 16. Economy of Wagons' Carrying Capacity:**—Of the three-fold suggestions put forward the Committee of the Chamber are opposed to both the first and the second proposal, namely, the raising of minimum

wagon condition of wagon-load rates as also of treating the present telescopic class rates as applicable only to wagon loads and quoting a rate higher than the class rate in respect of traffic in smalls. Regarding the third proposal put forward, namely, that the traders should be encouraged to load wagons up to the carrying capacity of a wagon above the minimum wagon condition, the Committee are inclined to react favourably towards it. In their opinion a rebate of 20 per cent in freight should be allowed on freight of the goods loaded in excess of minimum wagon condition calculated at the wagon load scale. It is by a rebating practice introduced by way of deduction from freight rather than by a procedure of drawback that such an encouragement should be given to traders for loading wagons in excess of the minimum wagon condition.

Q: 16 (A). *Wagon load condition attached to quotation.*—The maundage condition generally attached to W.L. quotation and the very limited number of station-to-station quotation still in force, are generally suitable and the Committee of the Chamber have no adverse comments to offer on them. As regards the minimum weight laid down for wagons on the 3 gauge systems of Railways—broad, medium and narrow—there is, however, some scope for improvement on the basis of the inter-relationship of the specific gravities of various commodities. In this connection, the Committee would cite one instance here, namely, the wagon condition laid down for oilseeds N.O.C, viz., 450 maunds B.G. compared to the minimum weight per wagon of oilcakes fixed at the same quantity of 450 maunds B.G. The specific gravity of oilcakes is higher than that of oilseeds and therefore the minimum weight condition attached to a wagon load weight of seeds N.O.C. should not exceed 400 maunds against 450-maunds laid down for oilcakes.

Regarding the other point raised, namely, whether the relative minimum maundage condition fixed for each commodity as among B.G., M.G. and N.G. wagons calls for any comments, the matter is one which, in the opinion of the Committee, has to be determined chiefly from the operational point of view. The present relative maundage condition as between BG and MG is 4:3 and between MG and NG 5:3 or to put it in a common series the relative proportion among the three gauge wagons is 20:15:9. Generally speaking, it would seem to the Committee of the Chamber that the inter-relationship of minimum weight as between BG and MG wagon is over-weighted against the former. In other words, it is the feeling of the Committee that inter-relationship in minimum weight condition of BG and MG wagons should be in the ratio of 5:4 and not in the ratio of 4:3 as is currently the case, the maundage condition of the latter being left undisturbed.

Q: 17. *Quotation of Train-Load Rates:* However apparently plausible and even cogent the case for such a quotation of train load may be, the Committee cannot overlook the fact that such a rate even if granted can only be availed of by the very large-sized industrial undertaking who has had a 50 or even 25 wagon siding. The industries who can take advantage of such a train rate in the field of general merchandise are very limited. It is only in the case of coal and other mining establishments that the sidings

which serve the establishments have a loading space of 25 or 50 wagons. Even in their case the operation of a train-load rate would mean a differential advantage being granted to the financially better placed undertakings commanding a siding space of 25 or 50 wagons. On a balance of arguments, therefore, the Committee disapprove the suggestion for quotation of a specially reduced train-load rate.

Q: 18. *Express Goods Service:* The Committee of the Chamber does not favour the introduction of an Express Goods Train Service on a system of rate higher than the normal rating. In their view the existence of such an Express Service facility will tend to lower the standard of handling by the Railways for the ordinary goods traffic.

Q: 19. *Charge for Railway Supply of Cranes:* The charge for supply of crane and the conditions under which such a supply is made for loading and unloading of goods are on the whole satisfactory although in actual practice difference of opinion has been known to have arisen between the public and the Railway as to whether the use of a crane should be made available. The Committee would, however, stress that there should be no profit motive in fixing the charges which should just cover the costs of services.

Q: 20. *Rates for Carriage of Live Stock and Animals:* The Committee have no suggestions to make in this behalf.

Q: 21. *Revision of overall charge for short distances:* As far as the Committee understand, the view that short distance traffic rates are unremunerative is based on a mistaken view of transportation economics. As under the conditions of traffic operation it is not possible to assess the cost specifically of each traffic, it is only by an overall comparison of total cost and total earning that the rate structure can be judged as a whole, the basic consideration being what the traffic can bear. Of the three suggestions put forward with a view to stepping up the charges for short distance traffic, the Committee are unable to accede to any of them, that is to say, they cannot agree that the Railway should decline to carry short distance traffic, nor can they agree that the short distance rate should be so adjusted as to shut out short distance traffic from the railway in favour of any other alternative system of transport. As regards the proposal of diverting the railway traffic by a coastal traffic service whenever such an alternative service is available, the Committee are generally of the view that such diversion is desirable but as a rule no adjustment of freight rates need be made for such a purpose. It is the regularity of coastal shipping service and the simplification of procedure for booking and taking delivery of goods carried by coastal service that will tend to produce the desired diversion of traffic. There are, however, exceptional cases in which the Railway freight is extraordinarily high in relation to the rates offered by coastal steamship service for an identical haul. For instance, rubber goods is charged with a freight of Rs. 6/9/4 per maund from Shalimar, South Eastern Railway, to Bombay for an all-rail movement. On the other hand, the coastal shipping company quotes from Calcutta to Bombay for the identical rubber goods a freight of Rs. 41/8/- per ton of 18 cwt. equivalent to

roughly Rs. 1/12/- per maund. But as already stated, something more is needed to be done to divert traffic to coastal service even where such reduction is glaringly called for.

**Q: 22. Short Distance Traffic Charge for Railway & Inland Water Routes:** The Committee regret that they have no information on the subject. In West Bengal the inland water service ply only to a very limited extent and that such a service is availed of by the trade only for the long distance haul. In this context, the Committee would like to broach the charge made by the Agents of the South Eastern Railway at Armenian Ghat, Calcutta for booking of goods to be ferried across the river Hooghly and placed in wagons at the South Eastern Railway goods yard at Shalimar. The Armenian Ghat Agency (a private concern operating under arrangements with the Railway.) charges -/2/9 for each half maund of goods booked at Armenian Ghat. As the distance from Agmenian Ghat to Shalimar is a little less than 5 miles, the Out Agency charge of -/2/9 per half maund works out nearly -/1/3 per maund per mile. This is rather extortionate, viewed as a part of Railway rating, and in the opinion of the Committee should be markedly reduced.

**Q: 23. Pooling of Railway Freight:** The Committee have carefully considered the suggestion that in the case of a number of commodities, which are carried over long distances from one end of the country to another, being of an essential character, should have their freight charges pooled and quoted on a uniform regional basis. It is regretted that such a proposal does not commend itself to the Chamber so far as the quotation of such uniform freight by the Railway authorities is concerned. In regard to the commodities listed in this behalf, the Committee feel that in the case of coal what is more needed is to have a limited zonal application so far as the point of booking is concerned. In other words what the Committee have in view is that rates for coal should be quoted on an identical basis from each weighment station instead of the colliery sidings. With regard to other commodities mentioned, with the exception of salt, a system of freight pooling may be introduced by the manufacturers themselves.

**Q: 24. Pooling of Raw Jute Freight for Booking to Calcutta:** The Committee do not consider this a factually correct statement, namely, that growing of jute in areas away from Calcutta, round about which most of the jute mills are situated, is rendered unremunerative because of the freight advantage which the areas near Calcutta enjoy in the matter of transport charge. Even before the partition of the country jutes from Assam and North Bihar used to be freely imported for consumption in Calcutta mills. Since the partition the pressure on the jute-mills to buy raw jute from every available sources is heavier and freight differences notwithstanding, Assam and North Bihar jute is being freely sold to the Calcutta mills. The Committee, therefore, are unable to endorse the proposal for a pooling of freight on raw jute in respect of bookings to Calcutta mill sidings.

**Q: 25. Agency for Operating Pooled Freight:** As already anticipated in reply to question

number 23, the Committee consider that in appropriate instances the pooling of freight should be effected by the industrial units concerned. The maintenance of a zonal price in numerous destination points in respect of a commodity is a matter of marketing policy of the producers concerned but such a policy need not be taken any cognizance of by the makers of Railway rates. All that would be necessary under such a system of pooled freight would be for the industrial unit concerned to quote f.o.r. destination prices for their customers. In iron & steel, cement and vanaspati trade, such quotation is largely in force.

**Q: 26. Rate Revision vis-a-vis the Five-Year Plans:** As a general proposition it can be stated that the railway rates policy is not in need of any readjustment in view of industrial developments either already achieved or planned for the future in the context of Five-Year Plans. It is, however, thinkable that specific quotations of freight will have to be sanctioned for particular undertakings in view of the overall industrial policy being pursued by the Planning Authority. For instance if the main sources of pig iron in India in future would be concentrated in Durgapur and in Burnpur near Asansol, it is thinkable that for active encouragement to foundry industries these pig irons should be distributed all over the country on a particularly well-designed system of rates. As stated, the problem will have to be gone into in the light of specific needs of a particular situation and it cannot be disposed of in broad and general terms.

**Q: 27. Waiver of Short-Distance Charge:** The Committee have no facts to report with regard to any case in which the waiver of short distance charge was asked for and where the waiver was either sanctioned or rejected.

**Q: 28. Revival of Station-to-Station Rates:** The Committee cannot lay sufficient emphasis on the absolute need for revival of station-to-station rates as an integral part of the Indian Railways rating system. It has been the trend of Committee's views in course of the foregoing replies that while railway rate structure should be placed on a logical and, uniform and standardised basis, such uniformity and standardisation cannot be made a fetish of. There must be a limited measure of flexibility at the core and such a flexibility in the rate system can only be introduced by the revival of station-to-station rates. While the Committee are not in a position to give instances of requests made in the recent years by members of the Chamber for quotation of such station-to-station rates they have generally the feeling that the need for such station-to-station rates is a keenly felt demand of the business public all over the country.

**Q: 29. Effect of Withdrawal of station-to-station quotations:** Here again the Committee regret not being able to place facts of specific cases where the withdrawal of station-to-station rates had an adverse effect on industry or trade, but it is their general conviction that the cases in which trade interests were adversely affected by such withdrawal are numerous. As already emphasised, one reason why the withdrawal of special rates has not developed any crisis is that the higher transport charges resulting from the



withdrawal of station-to-station rates were absorbed in other larger elements in the increased cost of production. It is no argument to adduce that in the face of such concurrent rise of production cost, the railway rate system need not be made flexible in the direction suggested. For, while the other factors of higher cost are subject to variation and are at any rate of a dynamic character, the element of Railway rates is a relatively static element in the cost structure.

**Q: 30. Station-to-Station quotation for Development of new industries and export trades:** The proposition categorically framed that the station-to-station quotations should be used as a policy measure for development of new industries and promotion of export trades cannot be unequivocally endorsed by the Committee. The general position which the Committee of the Chamber would take with regard to railway rating is that it should subserve mainly the economic principles of railway rating. Station-to-station quotation is a deviation from this broad enunciation but it is the view of the Committee of the Chamber that such deviation must also bear a definite economic significance. To generalise such deviationary technique for the purpose of extraneous and broader policies in the economic field is, however, a different proposition and the Committee are not prepared to countenance such an unreserved application of station-to-station rate technique. It is, again, doubtful if the railway rate concession by itself can stabilise new industry or place export trades on a stable footing.

**Q: 31. Objectives to be kept in view in framing Railway Rates Policy:** As emphasised several times in course of the foregoing observations under different replies, the Committee would state that the two main objects of a railway rates policy should be what the traffic can bear and what is needed in an over-all calculation to meet the cost of transportation. But it must be conceded that the effects of railway rates on trade and industry are far-reaching, and as such, the influence of the present rates structure and rates policy on Indian trade and industry needs to be examined from the point of view of India's economic progress. Our economic organisation is still in process of development and this suggests the need for greater degree of flexibility and responsiveness on the part of the rates system.

**Q: 32. Railway Rates in relation to particular industries:** The Committee would generally oppose any suggestion for the adjustment of the general rates policy with reference to the economic functioning of any particular industry or industries. It is thinkable that industries can be ranked in the order of their economic importance and it is also thinkable that industries of a higher degree of essentiality from one point of view or another have not yet made sufficient headway in the economic scene of this country. But these facts or considerations should not, in the opinion of the Chamber, be used to influence the rates policy of the railways. For instance, the finished steel or chemical fertiliser industries being located in one particular regional segment of the country, it should not be arguable that the railway rates charged on these commodities should subsidise the consumption of these steel or chemicals in other regional segments. When in reply to Q. No. 26 the Committee had

envisaged some special treatment in favour of pig iron similarly located in one particular segment of the country, it was not so much a forth-right policy of low-rating as specific quotations which the Committee had in view. If in Ambala or in Kanpur or in a station in Rajasthan a large foundry industry has grown up, this industry may specially be assisted by special rates quoted for drawing of the raw materials from Durgapur or Asansol, in case the volume and regularity of the traffic would justify such specific quotations. But it is far from Committee's suggestion that all foundries in isolated centres of the country should be similarly assisted with a general weightage in rates quotation for the industry as such.

**Q: 33. Distinction between established and new industries vis-a-vis railway rating:** The Committee are wholly opposed to the rates policy being worked on a distinction recognised in that context between old and established industries on the one hand and the new industries on the other. Proposals such as these are approaches to standardised reliefs, to which the Committee are unable to subscribe. Cases for special concession may arise as much in old industries as in the case of new. The facts of each case should determine the decision.

**Q: 34. Operation of new lines on the basis of inflated mileage:** The Committee are not prepared to lend their support to such a proposal. Nor would they consider it a happy decision for the Railways to scrap such old lines rendered unremunerative by higher cost of operation. Endeavour in such cases should be made to have new industries located alongside such old lines in order that their traffic earning position may improve. Even in cases like Darjeeling Himalayan Railway on which location of new industries cannot be looked forward to, the Committee are opposed that such lines should be worked on the basis of inflated mileage.

**Q: 35. Freight Policy to equally subserve Industries and Railway Finance:** The two objectives set forth are in the opinion of the Committee neither conflicting nor divergent. To the extent the country develops economically and industrially, the Railways' financial position is *ipso facto* strengthened if efficiently and economically worked. The freight policy should, no doubt, be framed with a view to securing adequate revenue to the Railways to meet the maintenance and operational costs. But it is the definite opinion of the Committee that the Indian railways are expected to serve the interests of trade and industry of the country satisfactorily and with a view to this objective a revision of the entire system and a rationalisation of the procedure are imperative.

**Q: 36. Cost of Services to be financed from Railway earning:** In this connection, the Committee would not make a distinction between service and service but would make a distinction between cost of coaching and goods traffic. In other words, the simple formula which the Committee would advocate is that half the working expenses of the Railways and an additional percentage thereof should be balanced by the earnings of the goods traffic. To illustrate with reference to the working of 1933-34,



broadly speaking, if Rs. 235 crores of working expense were allocated as Rs. 115 crores for passenger traffic and Rs. 120 crores for goods traffic, then what the Railways should aim to earn from the goods traffic is Rs. 120 crores plus 20 per cent. additionally. This 20 per cent. is intended to meet the contribution to be made to the general revenue on half the capital at charge at the rate of 4 per cent and to use the residual amounts for purpose of normal development expansion. Other large-scale capital expenditure should be made not from the revenue surplus but by addition of fresh capital.

**Q: 37. *Railway Rates and Village & Cottage Industries:*** The Committee regret being unable to endorse the suggestion that the freight rates quoted by the Railways should subsidise the cottage or the village industries. To express such a view is not necessarily to imply that in Committee's view specially sympathetic consideration should not be shown to the movement of village or cottage industry products but only to suggest that such consideration is not to be of any standardised character. In other words, it is only by a liberal quotation of station-to-station rates that the economic interest of these industries should be served and not by a general exceptionally low basis of charge irrespective of distance or destination.

**Q: 38. *Railway Rates & Fixation of Government controlled prices of commodities:*** As far as the Committee are aware the Railways have never been handicapped in pursuing their normal rates policy because of the demands made by the Government in many cases to fix a statutory price for a limited number of commodities. The Government's price fixation policy has always allowed for the normal freight payable for goods from its point of production to the point of consumption at which the prices of such goods were controlled. Moreover, in an equally large number of cases the price control has been exercised at the production source itself.

**Q: 39. *Unremunerative rates for certain commodities:*** As already stated in reply to Question No. 21, the Committee are unable to appreciate the approach sometimes made of specifically relating cost to a particular traffic. It needs hardly be stressed that for the purpose of Railway rating arithmetical costing cannot be given the widest play, as the limiting factor in each case is what the traffic can bear. It is an inherent contradiction of railway rating all over the world that as specific gravity of a commodity increases accompanied by a

decline in market price of its weight unit, such traffic will always remain as a kind of drag on the aggregate earning of the railways. The situation cannot be helped and it is hardly necessary to take serious cognizance of a criticism of the character referred to here.

**Q: 40. *Financing of additional expenditure for traffic increase under Second Five-Year Plan:***

The point emphasised in the question is that during the Second Five-Year Plan there shall be as much increase of low-rated traffic as of the high rated traffic and as a cumulative effect thereof fairly large expenditure will have to be incurred by Railways in increasing the godown, yard and line capacities. But the Committee are unable to endorse the view that the finances needed for this additional expenditure should be obtained from the revenue earning of the Railways beyond what is normally available from such a source. Indeed the Committee adhere to the formula enunciated by them in reply to question No. 36. If it were the case that the only field of development for the country were in the sphere of Railways, then there would have an arguable case for the Railway revenue finding the cost of the new development in that sphere but under an overall scheme in which developments in every field have been planned and radical steps are being taken stepping up the Government revenue and resources by fiscal and other measures, the Railway development should fall in line with other developments in being financed by the general pool of country's resources mobilised by Government. There is no case under a system of planned economy for the railways to be singled out for a self-financing role even in respect of the restricted field of traffic handling facilities.

**Q: 41. *Railway Rates and Price Fluctuations in Export Markets:*** The Committee can by no means agree to a policy of railway rating which will undergo constant adjustment in reaction to the changing level of prices of internationally traded goods of Indian origin in the foreign markets. They would certainly ask for stability in the freight rates for movement of export traffic. As a corollary to this proposition they would at the same time suggest that the freight rates should be at a level which would allow for a reasonable margin of price fall for Indian commodities in the international markets.

**Q: 42. *Changes in the pattern of traffic movement as between pre-war and post-war years:*** The following table will indicate the nature of changes in the traffic handled by the major Indian railways as between the pre-war and post-war years:

## TRAFFIC HANDLING OF INDIAN RAILWAYS.

		1938—39		1952—53	
		Amount of Goods Earning. (Rs. Crores.)	Percentage of earning of each commodity of the total goods earning.	Amount of Goods Earning. (Rs. in Crores)	Percentage of earning of each commodity of the total goods earning.
		1	2	3	4
Fuels for Public and Railways	...	11.6	17.52	21.7	21.92
Oilseeds	...	3.6	5.42	4.0	4.02
Rice	...	3.4	5.12	3.9	3.92
Provisions	...	3.1	4.72	3.0	3.02
Grams & Pulses	...	3.3	5.0	5.2	5.32
Cotton Raw	...	2.9	4.4	3.5	3.52
Cotton Manufactured...	...	2.6	4.02	3.5	3.5
Wheat	...	2.4	3.62	3.4	3.42
Jute Raw	...	1.2	1.8	1.9	1.92
Iron & Steel	...	2.6	4.02	9.0	9.12
Metallic Ore	...	1.1	1.7	4.8	4.92
Marble Stone	...	.9	1.4	4.0	4.02
Salt	...	1.2	1.8	3.0	3.0
Kerosene Oil	...	1.6	2.4	3.2	3.2
Petrol	...	1.2	1.8	3.6	3.6
Sugar	...	2.2	3.3	3.9	3.9
Cement	...	—	—	4.2	4.2
		66.4	100.0	98.9	100.0

It will be noticed that in terms of earning the coal traffic has only gone up by 4.4 per cent. although the net tonnage despatched from the Pits mouth in India has gone up by 66 percent from 22 million tons to 36 million tons and all these in spite of the large enhancement made in the structure of coal freights. Again in a number of commodities like iron & steel, metallic ores, marbles and stones, salt, kerosene oil, petrol, sugar and cement etc., the proportionate position occupied in the total traffic, measured in terms of earning, has substantially enlarged. The Committee would, however, point out in this connection that the pattern and the volume of traffic is bound to be changed with the increasing tempo of industrialisation and development of new areas. The type of traffic moving to and from the ports will also undergo a change with the industrial progress, more finished goods moving to and raw materials from the ports.

Q: 43. *1948 Revision and Industrial Location and Development:* As far as the Committee are aware, the 1948 revision of railway rates structure have not been a factor of decisive significance in the location of industrial undertakings or in the pace of the developments in either way. The reasons for such a neutralism as emphasised in several places in the foregoing replies are *firstly* that the telescopic rates have not given any marked relief to the transport cost of industries, and *secondly* the effect on prices of the increased basis of charge has

been absorbed by many other factors of rising cost in production. The testing time for the 1948 revision will come if it can be so conceived of a time in future when there has been a recession of these other factors of cost inflation.

Q: 44. *Quotation of Prices—F. O. R. Despatch or F. O. R. Destination:* In Indian industries in an overwhelming number of cases the price quotations by industries are always F. O. R. the despatching station. The question whether the prices ruling at the markets are in excess of the price F. O. R. despatching station together with the cost of railway transport cannot be answered in general terms or even in particular cases. For, the prices are sometimes determined by factors other than the costs. In some cases the reasons for higher price movement are genuine, for instance, in cases where the cost of competing foreign articles has gone up or where there is an overall shortage of goods not to be quickly replenished. It is difficult to disentangle the bonafide from the malafide factors which give rise to a rise in price which is in excess of the purchase price plus the transport cost of a commodity.

Q: 45. *Incidence of Railway freight on Agricultural operation:* The Committee can only make a guess in this connection and for agricultural products other than the three main cash crops of cotton jute and cane, probably the railway freight does not exceed more

than one percent on an average of their cost of production.

**Q: 46. *Agricultural Development under Five-Year Plan:*** In the eastern India the only remarkable expansion of agricultural output envisaged through the Second Five-Year Plan years is rice in certain parts of West Bengal due to the various projects of Damodar Valley Corporation now in advanced stage of completion. It is unlikely, however, that this new rice crop yield and acreages will affect railway goods tonnage to any appreciable extent. It is doubtful, however, if the size of jute crop in north eastern India will exceed substantially over 40 million bales, whatever may be the targets set for jute production.

**Q: 47. *Reduction in Wagon-Load Condition for Movement of Agricultural Crops:*** The Committee are afraid that there is a mistaken assumption underlying the question put. Whatever may be the pace of development in the agricultural sector it is not visualised that these crops will be moved directly by each individual grower. It is either the Co-operatives or the middlemen who will have to handle the distribution of crops and, therefore, it does not seem to be urgent that any action needs be taken by the railway by way of reducing the minimum wagon condition for these commodities to be availed of by individual growers. Nor do the Committee consider it necessary that any special adjustment of freight rates be made in order that advantage thereof may be taken by individual growers. As regards warehousing and other railway booking facilities it will certainly be an advantage to the growers' co-operatives and middlemen if such a storage, warehousing and other booking facilities are provided by the railways at important points of origin of traffic, for instance, for rice movement in Bolpur or for jute movements in Katihar or in Nowgong in Assam. Local slump in agricultural prices in an area may, however, require to be reacted to by short-time freight concession.

**Q: 48 to 50. *Industrial Developments in Private Sector:*** The Committee of the Bharat Chamber made some effort to ascertain from their members their respective estimate of increased traffic likely to be offered by them during the next Five-Year Plan. Unfortunately it appears that from such estimates no clear cut picture is obtainable. An Aluminium Factory gave the indication that during the next Five-Year period their drawings of Bauxite will increase from 12,000 tons to 15,000 tons a year and the despatch of finished goods will increase from nearly 2,000 to 5,000 tons a year. Small isolated estimates were also received and on the whole the Committee are inclined to the view that in the private sector the total volume of additional traffic, barring coal and steel, originating over the Eastern and South Eastern Railways would not exceed more than 15 million tons. In Coal and Iron & Steel the increase may be as much as 4.75 million tons.

**Q: 51 to 53. *Industrial Developments in Public Sector:*** It is probably in the public sector that the traffic volume will increase more substantially over the next five years. The developments at Durgapur and probably new mining exploitation in the public sector in the still available virgin coal-bearing land

in West Bengal may account for as high a new traffic as 3 million tons originating in Eastern Railway alone and another 3 million tons originating in South Eastern Railway.

**Q: 54. *Basic Principles of Railway Rating:*** The Committee do not think, it remains for them to emphasise beyond what they already made, what according to them should be the basic principles of railway rating. To summarise their outlook on the subject they would emphasise once again that the railway rating framework should rest in the first instance on a standard number of class rates and schedule rates. But there must be large element of flexibility in the operation of these standard rates by way of quotations of station-to-station rates. The basic objective of railway rating should be to provide transport at as low a cost as possible. The Indian Fiscal Commission in 1922 observed "It is not inconceivable that a policy of protection to industries might to some extent be nullified by injudicious railway rates, or it might be found that in consequence of such rates the tariff protection required by an industry, and consequently the penalty on the general public, was higher than it otherwise would be". The Committee feel that these observations hold good even to-day. In the context of our industrial Plans, the railway is to play an important role by framing a helpful rate structure for the movement of goods.

**Q: 55. *New Suggestions not covered by the Questionnaire.***—As it will have been observed, the Committee have taken advantage of the various questions to expound and elucidate views of their own relating to the questions but not strictly falling within their answer. As such, there is hardly any additional observations which they have to make in so far they are not covered by the expected replies to these questions. They would emphasise once again their view as developed in reply to Q. No. 9 that the present rate structure has essentially an empirical and inductive complexion. They have been designed not with a view to what may be deductively regarded as a fairly distributed burden of charge on the commodities but with a view to making the particular traffic in question yield the best revenue results. Such an approach to rate-making, in the opinion of the Chamber, must yield place to a more deductive approach in the matter resting on a pattern of uniformity as regards the number of legs, the distance of each leg, the progression of rise in different class and scales, as also in the regression of rates from one leg to another. It is not that the Committee would like the rates to be operated on such a rigidly framed rates structure; for, they have pleaded for a large measure of flexibility, but such flexibility in the form of station-to-station rates must also be brought within the framework of economics of transportation or in other words, in the ascertained incapacity of the particular traffic to bear the standard rates.

The Committee take this opportunity to stress the need for improvement and extension of Goods Sheds and other facilities at terminal stations like Calcutta where from all accounts there has been no extension or appreciable improvement although there has been a heavy increase in traffic. It is also the opinion of this Chamber that road transport should be organised as complementary to railway transport, and transport

by road, rail and inland waters should be co-ordinated. While this co-ordination will increase the over-all transport capacity the choice of a trader to move his goods over the routes most convenient to him should not be unduly restricted.

## PART II

### Q: 1 (a). *Proportion of booking at RR and OR :*

It is difficult to hazard an allocation of percentage as between the traffic that is offered to be booked by the business public at owner's risk and the traffic similarly offered for booking at Railway risk rates. Any such proportionate allocation in value terms will probably be useless. Some indication of the position can, however, be given only in terms of volume but here again an estimation is complicated by the fact that of the major revenue-earners on the Indian Railways (Vide List in answer to Q: 42 of Part I of the Questionnaire) it is only cotton raw and raw jute which are as a class of goods invariably booked at Railway risk, there being no quotation of freight made by the Railways at OR.

(b) *Preference for booking at RR rates :* Among cases where both quotation at RR and OR is available it is the machine tools and machineries, both electrical and mechanical, when these items are not carried in continuation of an overseas marine traffic, that are preferred to be booked by the business public at the higher RR rates. Other cases are also not negligible where both rates are available but preference is expressed by the senders to book the goods for carriage by the Railways at higher RR rates.

(c) *Post war development in RR booking :* Since the end of the last war, there has been a tendency among the business public to avail of the RR rates, where alternatively available, to an increasing extent. Such a preference for RR booking on the part of the business public is accounted for by several factors. Firstly, with the resumption of normal trading activity in 1947 and after the partition of the country, the entire Railway system for good many months was almost out of gear with the result that business public thought it safer to incur higher freight charges in order to ensure better handling of goods by the Railways. Secondly, the higher costs of raw materials and imported goods after the war gave rise to a disposition on the part of the business public to incur higher freight charges at RR rates, as such enhanced freight liability worked out to a relatively lower percentage of the total cost schedule compared to what the position was before the war when prices were at a far lower level. There are abundant indications of the confirmation of such a view in the data for claim for compensation made on the Railways. Another cause for an increase in booking at RR is the tendency of the Railways to refuse claims in respect of goods booked at OR, particularly in what they call "running train thefts" etc.

Q: 2(a). *Incidence of private Insurance cover :* It is not easy either to indicate in any precise term the extent to which the practice of insuring goods offered for carriage by Railways has developed as a commercial scale, although the fact remains that such a practice has gained ground considerably since the end of the last war. As a rough

indication, it can be stated that 1 per cent. of the major commodities carried by Indian Railways, estimated in value terms, is currently covered by insurance with private companies, such a percentage including the coverage granted on continuous inland traffic of sea-borne imported goods from the port of discharge to the ultimate point of inland destination.

(b) *Hazards covered and rates charged by Private Insurers :* The private insurers practically cover all the hazards in their policy of inland marine insurance, namely, theft, partial loss, non-delivery of goods etc., etc. The rates of premium charged by the private insurers is by no means standardised. Nor is it fixed for all kinds of commodities. As a general indication it can be said that the premium varies from Re. 0-2-0 to Re. 0-4-0 per Rs. 100/- of the value declared by the sender, and upto 2% in cases of hazardous and valuable goods.

(c) *Shift in the practice of obtaining private insurance cover :* The Committee of the Chamber incline to fall in with the view that a study of the private insurance coverage of goods tendered for carriage by the Railways, can be suitably divided into two periods, 1945-50 and 1950-51. It would appear to the Committee that insurance coverage of goods tendered to Railways for handling has tended to dwindle in the abolition of the old Risk Note forms in vogue over the Indian Railways, consequential to the enactment of Section 72-A of the Indian Railways Act by the amending Act of 1949.

Q: 3. *Proportion of traffic covered by private insurance :* Here again, no precise indication can be given as to the percentage of goods booked at owner's risk which are currently covered by private insurance. If a statement can be hazarded based on general experience, the position seems to be this—that in the period 1945-50, one per cent. of the goods tendered for booking at owner's risk used probably to be covered by private insurance but since 1950, the percentage is tending to fall. As far as the Committee can judge, it is chiefly in the machinery group and in the movement of chemicals such as chemical fertilizers and tallow oil that the one-time widespread practice of having the consignment insured by private insurers is now tending to fall. The Committee would also point out that Insurance Companies refuse to insure several kinds of consignments and in certain cases premium rates are too high..

Q: 4. (a) *Growth in the number of claims for compensation :* There has been a very definite increase in the payment of compensation claims made on the Railways by the business public in the recent years. To illustrate the observation, it can be noted here that in 1939-40 roughly 55,000 cases of claims for compensation were filed with the Class I Indian Railways. As against these, in 1948-49 the number of cases filed was 155,000 and five years later, i.e. in 1953-54, the number of cases for compensation filed with the Class I Railways was 875,000. Of course, the one fact accounting for larger claim is the increased volume of traffic but the more important fact underlying the far larger number of claims for compensation put forward by the public is the use of more rational form of Forwarding Notes brought into use since 1950. But there has been an

increase in claims cases due to various causes some of which are mentioned in the Report of the Indian Railway Enquiry Committee, 1947, as follows:

- (i) The large increase in traffic, particularly of parcels, causing congestion at terminals and transshipment points;
- (ii) the dilution of Staff, resulting in increase of mistakes, missorting and the loss of documents;
- (iii) the increased value and scarcity of commodities, making pilferage more profitable;
- (iv) the declining morale and discipline among the Staff.

According to figures placed before the Claims Sub-Committee appointed by the Zonal Railway Users' Consultative Committee of the Eastern Railway, during the year 1951-52, the net amount paid by Railways in India on account of goods lost or damaged was Rs. 2.92 crores and this increased to Rs. 3.19 crores in 1952-53. Out of the latter, the Eastern Railway, although smallest in mileage, paid Rs. 1.34 crores, i.e., a little over 42 per cent. of the total claims paid in 1952-53. The acceptance of claims by the Railways is reported to have been tightened and it appears the loss to merchants due to pilferage, damage etc., has been more than what the figures of compensation money paid would indicate.

(b) *Class of goods in which compensation claims have increased:*—The Committee have no dependable information to furnish on the point except that they have the feeling that claims for compensation have been on the increase with regard to the movement of cotton piecegoods, machinery parts, etc.

Q: 5. It is for the Railways to furnish information on the point.

Q: 6. It is for the Railways to furnish the information.

Q: 7. (a) *Effect of the 1949 Amendment Act:* In the opinion of the committee of the chamber, the Indian Railways Amendment Act, 1944, by introducing the new Section 72-A into the Indian Railways Act of 1880, have facilitated the establishment of claims for compensation by the business public against the Railways. In 1953-54, as much as 2 crores 80 lakhs and in 1952-53 as much as 3 crores 18 lakhs of rupees were paid as compensation by the Railways. These figures exclude the compensation, the payment of which was enforced through the Courts. The Committee have little doubt that but for the Indian Railways Amendment Act of 1949, the business public would have never been able to recover this modestly large amount of compensation, however, large may be the public frustration in this respect as pointed out in answer 21 below.

(b) It is for the Railways to express their point of view in the matter.

Q: 8. *Quotation of freight on RR and OR basis:* The present position of the Railways quoting in some cases freight only at railway risk and sometime again only at owner's risk is, in the opinion of the Committee, not only unfair to the business public but is also

rather arbitrary. If two rates at owner's and railway risk are to be maintained in the freight structure of the Indian Railways, there cannot be an arguable case for quoting only the one or the other in the general frame-work of freight quotations including the quotations of W.L. schedule rates. It is only in the case of special station-to-station quotation that the risk condition may be confined to one or the other. But for all normal quotations of class and schedule rates, each commodity should have the base of both the quotations indicated in the general classification of goods. There can be no economic justification, for instance of Caustic Soda, both according to class rates and W.L. shedule rates being quoted only on the basis of railway risk. Similarly, there is no reason why the quotation of freight for coal needs be on the Railway risk basis alone. It is true that the quotation of rate on both the risk basis will not necessarily mean that both of these will be effective in the actual booking practice. But whether the one or the other basis be availed of by the public does not seem to be enough justification for the quotation being confined to one or the other basis alone. These observations relate both to class and W.L. schedule quotations.

Q: 9. *Difference in the basis of RR and OR quotation:* The Committee of the Chamber are most definitely of the opinion that where both RR and OR rates are quoted in respect of a commodity the difference in the basis of charge at any stage of the haul should not be more than .05 pie per maund per mile or the basis of charge should be anything but the two consecutive class rates, the higher of course, being for the RR condition. In machinery, other than electrical, the general classification is 6 RR and 4 OR. The Committee are unable to endorse this large difference in the basis of charge under RR and OR condition in this instance, which works out to .11 pie per maund per mile for the first 300 miles, .10 pie per maund per mile for the second 300 miles and .08 pie per maund per mile for the subsequent haulage.

Q: 10. *Unification of Risk condition:* As may be inferred from the trend of the foregoing answers, the Committee would much rather prefer the abolition of owner's risk quotation of freight to the present position of arbitrary confinement of owner's and railway risk quotations to particular commodities. But such a preference, it must be distinctly understood, can only be thought of under one condition namely, that where: here are at present two bases of charge, one under RR and another under OR, it is the latter which should take the place of Railway risk quotation as a uniform principle all along the entire structure of Railway freights. In the event of such an essential condition be not adopted, the Chamber must be understood to be strongly opposed to the abolition of freight quotation on an exclusively RR basis.

Once the owner's risk quotation is abolished in the case of class rates, the same principle of quotation on exclusively Railway risk must also govern the quotation of freight under W.L. schedule. The presumption seems to be mistaken that any variation in the conditions of traffic handling attached to wagon loads, made in favour of the public, would result in a large volume of traffic being offered in wagon-loads at the expense of the traffic offered in smalls. If all Railway



quotations are to be on the basis of Railway risk, such a quotation must underlie both the quotation of freights according to class rates and according to W.L. schedules.

**Q: 11. Position of excepted goods under unified Risk:** If the owner's risk quotation be abolished strictly under conditions attached to the proposal made by the Committee, the commodities in the "excepted" category must also be placed on the basis of freight quoted entirely under Railway risk condition. Such an adjustment in the case of "excepted" category of goods does not mean, however, that for purpose of Railway risk quotation the present effective rates for "excepted" category of goods should be increased.

**Q: 12. Public's option of booking at lower rate under uniform risk condition:** Once the principle of quotation of freight on the exclusive basis of railway risk be accepted, the Committee of the Chamber would not favour any relaxation being made of such principle at the option of the public offering goods for booking. Indeed, if such opinion were to be permitted, the freight structure in effect would relapse into the present anomalous situation.

**Q: 13. Lower rates under relaxed packing condition:** For identical reasons set forth in the just-foregoing reply, the Committee do not favour any relaxation of packing condition either, as such relaxation would enable the senders to book dangerous goods at rates more favourable than the nominal rates for these class of goods. The Chamber is opposed to concessional rates allowed in cases of relaxation of or defective packing condition. The code "OR" is now used to indicate two things, viz:—

- (i) that the consignments booked at Owner's Risk due to defective packing or non-fulfilment of packing conditions;
- (ii) that the freight charged has been at Owner's Risk rate, having no reference to the packing conditions.

The code "OR", therefore, indicates so many things; but the view of the Eastern Railway, as expressed in reply to the recommendation of the Zonal Consultative Committee, is that booking at OR or RR depends on the rates applicable to the commodity and what the sender elects to do or does not depend on the fulfilment of the packing condition. The Chamber feels that the consignor often is compelled to book at OR or to consent to the defective condition being noted. The Chamber is of the opinion that the Railway should not accept any goods which do not fulfil the packing conditions.

**Q: 14. Contents on Forwarding Notes:** The conditions laid down in the Forwarding Notes in Appendix A of the IRCA Goods Tariff No. 29 in accordance with the General Rule 22 marks a large improvement on the old Risk Notes contained in Appendix C of the old IRCA Goods Tariff laid down under the old General Rule 39. The Committee have no comments of any major character to make on the Forwarding Notes now in use.

**Q: 15. Modification of Packing Condition:** The Committee have no comments to make

with regard to several standard packing specifications contained in Chapter IX of the IRCA General Goods Tariff No. 29. But this observation is made subject to remarks made in the just-following reply.

**Q: 16. Enforcement and relaxation of Packing Condition:** The Committee of the Chamber do not find enough rationale for standardising packing conditions and making it compulsory only in the case of articles notified. With regard to the one important item of Railway traffic, namely, cotton piecegoods, the Committee had only recently occasion of addressing the Railway Board and the Western Railway with regard to the packing condition P/25 appearing in the General Classification of this particular goods. While the Western Railway had replied to say that the complaint of the Chamber namely, that piecegoods bales not conforming to P/25 is freely accepted for booking, is engaging their attention, the Railway Board in their reply pointed out that P/25 is not a compulsory packing condition for cotton piecegoods. It is the view of the Chamber that packing conditions should be enforced in so far as they form part of the general classification of particular goods. If such a view be accepted, the Committee would suggest deletion of packing condition of certain goods in the General Classification as also certain relaxation of packing specifications laid down in Chapter IX of IRCA Goods Tariff in so far as these specifications may be regarded as too difficult to be fulfilled by any particular industry.

**Q: 17(a). Development of a Warehousing system:** The Committee are not aware of any particular scheme having been drawn up by any private agency for setting up of a warehousing system in connection with the transport of goods by the Railways. Nor are they convinced that development of such a warehousing system is needed at the present moment except to the extent of what measures a newly-developed co-operative movement may adopt in connection with the marketing of agricultural produce on a co-operative basis. But such warehousing constitutes a separate and special problem on which the transport problem as such has little bearing.

(b) The only kind of storage facilities which the Committee would recommend is the facility for refrigerated storage available in important cities of India in regard to certain fresh goods. Although such cold storage facility should be located in the station premises, the Railways will be well-advised to allow private agency to operate such cold storage arrangements.

**Q: 18(a) & (b). Legal character of Railway's responsibility:** The Committee for themselves would have certainly welcomed a change in legal position as a result of which the Indian Railways would have stood to the business public in the relation of common carriers thus being virtually the insurers of goods tendered to them for carriage, in place of the current relationship of bailor and bailee. As, however, the new legal position would entail additional operating expenditure for the Railways and would thus consequentially lead to a revision of goods freights in an upward direction, they do not wish to press such a proposal. But the Committee would point out that the responsibility of the Railway is limited by

various means to the extent of contracting out. For instances, it may be mentioned that no responsibility is virtually undertaken for running train thefts and for goods taken delivery of after the free time period. The Railway has also a wide scope for repudiating claims under Sections 72 to 76 and even under 77 relating to the filing of claims. The different and often contrary interpretations of High Courts on points relating to "loss", "Non-delivery", "Notice" etc, point to the need for reviewing the aforesaid sections, so that the railway's responsibility as a bailee is assured.

**Q: 19. Measures for prevention of theft and pilferage:** The Committee of the Chamber would suggest a special enquiry in regard to the following points:

- (a) The incidence of pilferage and theft in consignments booked at Owners' Risk as compared to those committed on bookings made at Railway Risk.
- (b) Whether the pilferage and thefts are found to have been more committed near about the Station yards and the transshipment points.
- (c) In how many of the cases of pilferage and theft which Government Railway Police have enquired into, the members of the Watch and Ward Staff, the Railway Protection Police and the Railway Police have been found involved.
- (d) The interval between the dates of commitment of the crimes and the dates of undertaking the police enquiry into these.

The Committee believe that if the enquiries are made more promptly and if investigations are directed in an effective manner, to find out the culprits, and if exemplary punishments are meted out even to some who may be found connected with such crimes, then the whole position may be considerably improved. It has sometimes been felt that the enquiries into the claims in respect of pilferage and theft are actuated more to make out some grounds for avoidance of Railway's responsibility in the matter than to find out the real culprits for eradicating the evils.

The Committee would make the following observations on the question:—

**1. Incidence of pilferage and Indications regarding Location of Crimes:** It appears that the incidence of pilferages and thefts in transit of Automobile spare parts, Tobacco, Cigarettes etc., have increased. As the Police findings into the cases of thefts and pilferage are not made available to the claimants, it is difficult to exactly locate the places of such crimes. The reports of members, however, indicate certain areas where the crimes are suspected to be committed on an organised and regular basis. Some such places are:

- (i) Places between Agarpara and Naihati where organised gangs are reported to be operating for commission of these crimes.
- (ii) Nearabout Shalimar, because on several occasions packages of Automobile spare parts have been found

to contain bricks bearing the marks "BURN" which indicate that the pilferage has taken place somewhere within West Bengal and nearabout Shalimar.

- (iii) Between Mokameh and Arrah.
- (iv) Nearabout the Station Yards of Phulwarishariff and Patna City in Bihar.
- (v) At places just outside the Station Yards and at Railway sidings. It is found that in many packages stone chips (which are usually stacked at the Railway sidings and stations) or Coal, are put in the packages after the goods are removed from it. It is generally believed that thefts are committed near Goods and Shunting Yards.
- (vi) It is reported that Coal is systematically removed from Sidings at Panagarh, Budgwan, Bandel and Lillooah.

**2. Nature of loadings wherein crimes are committed:** On enquiry, it is found that pilferages and thefts are committed both in respect of wagon loadings and bookings in "smalls". In the case of coal and coke the thefts are naturally out of wagonloads but in the case of cotton textiles, yarn, automobile spare parts, the crimes are committed on "smalls". In respect of cigarette, packings or booking of papers or tobacco, it is reported that thefts are committed more from consignments of wagon loads than from "smalls".

**3. Remedial suggestions:** (a) The railway yards should be secured either by walls or electrified fencings to prevent outsiders getting access to the yards and steal goods or break into wagons. The goods platforms should be covered and adequate storage facilities should be provided for.

(b) The railway yards should be provided with adequate number of Watch & Ward Staff with Supervising staff to exercise strict supervision over the performance of the legitimate duties entrusted to the former and immediate disciplinary action should be taken against the staff involved in commission of thefts and pilferages.

(c) The Shed Staff should keep sharp look over the railway coolies during the loading and unloading operations.

(d) It is suggested that the question of re-organisation and integration of the three sections of Watchers under a common code and stricter discipline and punishments, should be seriously considered. It is reported that the total strength of the Government Railway Police is roughly 900 in West Bengal and the strength of the Watch and Ward staff of the Railways is something like 5000 in this area and the number of recently-introduced Railway Protection Police is stated to be roughly 800. The Watch and Ward Staff of the Railways are not subjected to discipline and punishment applicable to the Government Railway Police. The efforts of the newly appointed Security Adviser to the Railway Board would be eagerly awaited.

(e) Locking of wagons are sometimes found to be defective and while one side is locked strongly, the other side is not equally locked. It is found that in most of

the claims regarding shortages in wagon-load traffic the Railway report is that lock on one side was found tampered with in transit.

(f) Investigations should be started by the Police more promptly whenever any defect in the locks of the wagons are found in any stations and even before the claims are filed by the parties concerned. On the contrary, it has been reported that enquiries have been referred to the Police long after the commitment of the crimes. It has sometimes been felt that the enquiries into the claims in respect of pilferages and thefts are actuated more to make out some grounds for avoidance of Railway's responsibility in the matter than to find out the real culprits. The Committee believe that if enquiries are made more promptly and investigations are directed in an effective manner and if exemplary punishments are meted out to some who may be found connected with such crimes, then the whole situation may be considerably improved. There should be a time-limit for the Investigating Staff for completion of enquiries and report.

(g) Exemplary punishment should be meted to the delinquents and culprits.

(h) Hold-ups of Railway wagons on the way should be avoided as far as possible, as such hold-ups on the way are considered to provide wide scope for pilferages and thefts.

(i) The Railways should be held responsible for pilferages and thefts wherever committed, after the acceptance of the goods from the consignors until the delivery of the goods to the consignees. The officials of the Railways, Railway Police, Watch and Ward staff and the Railway Protection Police, who may be found on enquiry to be responsible for any theft or pilferage, should be held responsible and should be punished even to the extent of being held personally responsible for the value of the goods lost.

(j) Special arrangements for guarding the transshipment points and notorious flag posts should be made.

(k) The quality of the Watch and Ward staff should be sufficiently improved by recruitment of educated young men for the purpose and with this object in view the pay and prospects of this category of staff should be improved.

(l) The system of licensing of Clearing Agents like that prevalent in the Customs or the Port Commissioners must be introduced as that will ensure better working and less thefts and pilferages.

(m) Increase in the pay and allowances of the Railway Staff at lower cadres and improvement in the condition of service should be made.

Q: 20. It is for the Railways to furnish information on this point.

Q: 21. *General remarks as to handling of compensation claims by Railways:* The Bharat Chamber of Commerce maintains a sort of Railway Claims Bureau attached to it and the Committee can claim to have a fairly large experience of handling these claims for compensation on behalf of individual

members. Based on these experience, the Committee are emphatically of the opinion that inspite of the alteration of legal basis regarding the liability for meeting a claim for compensation, the dominant administrative practice is to repudiate most of the claims put forward by the business public. The typical reaction of a claim official on receipt of a claim is to make a short-cut for repudiating the claim outright without going into the facts and merits of the case and once a repudiation has been conveyed to the party concerned, no further representation made at the Association level on a closer scrutiny of facts go to displace the Claims officials from the position they had already taken up. The perfunctoriness with which claim cases are dealt with can be realised from the fact that even when an interview is arranged by a merchant with a Claims Official by prior appointment and the former presents himself at the appointed date and hour before the latter, the claim papers relating to which discussion is to take place are found to be missing. There is too much reliance by the responsible officials on the subordinate staff in deciding admission and repudiation of the public's claims for compensation. The one reason why the tendency for repudiation is so extensive is that the Claims Staff are anxious to maintain a speed record for the disposal of claims cases and the quickest way of disposing a thing is to repudiate it as resourcefully as possible with reference to some preliminary technical ground and this failing, on such other excuse as "theft from running train". The suggestions, therefore, which the Committee would put forward in connection with the disposal of claim cases are as follows:—

- (1) The appointment of a suitable staff of responsible officials to go into each case in their own responsibility and with power to use their discretion in so far as usable with in the limits of law and creditable facts.
- (2) A system of removal of officials on ground of inefficiency should be introduced whereby the allowance of a claim by a Court in reversal of the previous decision of a claims official should be treated, if repeatedly occurring as a mark of inefficiency on the part of the official concerned.
- (3) Some Standard Forms should be prescribed for submission of Railway Claims for all accounts. There are such Forms in respect of claims below Rs. 2,00/- at present, when claims are sent through station masters.
- (4) A small Pamphlet should be compiled and printed in all important languages by the Railway themselves and be sold at a nominal price. This Pamphlet should indicate rules and regulations relating to the methods of procedure for submission of claims and the laws and rules guiding the settlement of such claims.
- (5) A fresh Circular should be issued to all the Officers concerned to scrupulously carry out the instructions regarding the time-limit for acknowledging receipt of the letters of claims and regarding the recording of such letters in special Registers.

- (6) In cases of running train thefts, the copies of the telegrams issued for investigation of cases should be supplied to the parties concerned. The question of supplying the Police Report to the parties should also be considered by the Railway Administration in consultation with the Railway Police.
- (7) A fresh Circular should be issued to all Officers concerned to ensure that the Rule regarding submission of the "Missing Goods Return" by destination station within 7 days from the date of the delivery of the goods are strictly adhered to.
- (8) Fresh Circulars should be issued to all Station Masters and other officials concerned to follow the existing rules regarding refunds of over charges and excess freight resulting from error in rate, classification, or arithmetical calculations. It is complained that Rate Circulars and Corrigenda to different Tariffs are not always received in time by the Station Masters. It should, therefore, be ensured that these difficulties of the Station Masters are removed forthwith, by prompt issue of Rates Circulars etc.
- (9) The orders repudiating claims should be fully explanatory and reasons should be given therein in as much details as possible. The reasons for accepting a lower amount of claim than preferred, should also be given in details.
- (10) The time limit for the Claims Inspectors for the submission of reports should be 10 days and in case of delays, suitable explanation should be called for by the Higher Officers. There should also be a time limit fixed for completion of enquiries by the Police and this should be taken up immediately by the Railway authorities, with the Police.
- (11) Instructions should be issued to all Stations to ensure that Short Certificates are issued promptly. The present form of Short Certificate issued should also be printed on better paper and bigger size.
- (12) All claims should be settled as far as possible within 2 months from the date of filing the claims and in any case not exceeding 12 months.
- (13) The List of Stations at which the Station Masters are authorised to hold inspections themselves for assessment of damages and shortages before removal, should be re-examined in consultation with the members of the Consultative Committee and of the Chambers of Commerce. It is stated that such inspections are to be held under the existing Rules and within a period of 5 days for non-perishables and within a day for perishables.
- (14) The Rules regarding repudiation of claims in respect of combustible commodities should be re-examined by reference to the technical Experts and these should be framed in more specific terms after thorough examination of the matter by the Experts about the spontaneous combustibility of different commodities.
- (15) All claims regarding damages where external signs are visible at the time of delivery, and when there is no noting regarding damages on the Railway Receipts, should be accepted and the present rule regarding this should be more uniformly adhered to. The Rules regarding the repudiation of the claims on account of damages on grounds of inherent vice should be made more specific for perishable commodities and for commodities particularly susceptible to deterioration or decomposition by themselves. Claims in respect of fresh fruits etc. should be accepted when there is evidence of rough handling.
- (16) The existing Rule regarding the acceptance of claims on account of wet damages caused by the use of unclean leaky and defective wagons and on account of open sheds and godowns, or leaks therein should be more uniformly adhered to.
- (17) The existing rule regarding acceptance of claims for damages caused by the use of hooks should be more strictly followed.
- (18) In case damages are caused to goods of a damageable nature, due to the use of open trucks, at the initiative of the Railways, or where the consent of the senders for such use is not quoted on the Railway Receipts, the claims should be accepted. Open trucks should not be used for carriage of such damageable goods except under very special circumstances.
- (19) The decisions of the High Courts in claims cases should be compiled and the principles enunciated therein should be circulated among the relevant officials for their guidance.
- (20) Cotton piecegoods bales should not be accepted by the Railways at Railway Risk if packing conditions are not fulfilled in which case the Railway Receipt should indicate O.R. Once such bales are accepted at R.R. claims should not be repudiated subsequently for non-fulfilment of packing conditions, unless on open delivery it is found that the packing condition was not fulfilled at transhipment points.
- (21) The powers of the Station Masters to settle claims may be increased from Rs. 50/- to Rs. 100/- and the ceiling limit for settlement of claims pending the concurrence of the F.A. and C.A.O. may be increased from Rs. 1000/- to Rs. 5000/-.
- (22) Rule 4 of the Standing Order 161-II provides for open delivery when there are "distinct signs" of damage or pilferage. The open deliveries should be obligatory when there is "reasonable suspicion" about



damage or pilferage. Further, in case of difference of opinion about the reasonableness of the suspicion the wishes of the consignee should prevail though a fee may be charged at the rate of Re. 1/- per case or package in such cases. When the Railways give such open deliveries "without prejudice" they would not be undertaking any obligation by giving such deliveries while such open deliveries in all suspicious cases may be helpful to the consignees to get their claims from either the seller or from the Insurance Companies.

- (23) Rule 30 of the IRCA Goods Tariff No. 28, which, *inter alia* absolves the Railways from the liability to damages in respect of goods not removed from the Railway premises at the destination within the time allowed for such removal free of demurrage and wharfage should be forthwith amended. Such removal may not be possible for various reasons and the penalty for failure to remove within the free time is demurrage and wharfage and the question of payment of damage can in no wise be linked up with the requirement to remove the goods within free time.

### PART III.

**Q: 1. (a) Jurisdiction of the Rates Tribunal:** In the opinion of the Committee of the Chamber, Section 41 of the Indian Railways Act exhaustively defines the jurisdiction of the Railway Rates Tribunal in so far as complaints may be made by the public. There is, however, a small gap in this connection which remains to be covered and it is this—that while the Central Government has notified an increase of freight by a surcharge either with regard to all commodities or a class of commodities or a particular commodity, or is understood to be contemplating such an increase, a complaint made by any recognised business group may be made to the Tribunal and shall be cognisable by the Tribunal, if necessary on the verification of such a complaint on reference to the Central Government. The fiscal needs of the Government are likely to prove so compelling in the near future that in the opinion of the Committee, specific provision should be made within the scope of Section 41 in order that the fiscal needs of the Government may not distort the freight structure of the Railway administrations. Subject to the observations made under sub-paragraph (c) below, the Committee do not consider that Section 42 of the Railways Act calls for any widening of the functions of the Rates Tribunal.

(b) With a view to ensuring maintenance of high public confidence in the functioning of the Tribunal, the Committee of the Chamber would not desire that the power of initiating an investigation should be conferred on the Tribunal. It is a fair presumption to make that in all suitable cases a watchful and alert business public would initiate a complaint before the Tribunal in so far as the subject matter thereof is cognisable by them.

(c) The Committee of the Chamber are emphatically opposed to any narrowing of the jurisdiction of Rates Tribunal as laid down under Section 41 or in limiting their functions as laid down under Section 42 except to the extent of such amendment of the latter Section as may be called for in the light of observations made in the just-following paragraph.

**Q: 2. Central Government's power of re-classifying goods:** The Committee recognise the weight of the anomaly brought out in this question—namely that as Section 42(1) and 42(2) stands, the fiscal pressure on the Central Government may thinkably result in a situation where Government may be constrained to increase the class rates all along the line without their intending so to do. And even though the Committee in sub-paragraph (a) of the previous Answer has provided for a complaint against such action being made cognisable by the Rates Tribunal, it is still necessary that Government should not find themselves so embarrassed as to take a general action in increasing all general class rates. Accordingly, they would suggest that the exclusive power conferred on the Tribunal by sub-section (1) of Section 42 to re-classify a particular commodity into a higher class should be withdrawn provided, however, the suggestion made by the Committee in sub-paragraph (a) of the previous Answer is accepted by the Enquiry Committee. In the event of such a suggestion being not acceptable, the Committee would suggest that the power conferred on the Central Government by sub-section (2) of Section 42 to increase the class rates should be withdrawn.

**Q: 3. Modification of law consequential to Government's new power:** The cumulative effect of the preceding two answers resolves themselves into an acceptance by the Committee of the Chamber of the position as suggested in this question, namely, that the Central Government should have the power to re-classify goods but such classification can be made the subject of complaint by the business public concerned. The point, however, which the Committee would desire to make is that it is not only of the action already taken by the Central Government, but also of anticipatory complaint duly verified on reference to the Central Government which should be taken cognisance of by the Rates Tribunal.

**Q: 4. Rules of Procedure of Rates Tribunal:** The Committee have a very large number of criticisms to level against the Rules of Procedure of the Railway Rates Tribunal as published in Railway Ministry's Notification No. 4853-TC dated the 12th October 1949. In the view of the Chamber the whole approach of these rules is unsuitable, there being an elaborate procedural emphasis more suitable for the ordinary courts of law and least suitable in matters where points of applied economics have to be decided. The Rates Tribunal, in the opinion of the Chamber, should have no more formal procedural code than what is observed by the Tariff Commission in this country. The Chamber Committee would particularly refer to Rule 51 of the aforesaid Rules regarding practice and procedure, providing that "the provisions of the Indian Evidence Act, 1872 shall generally be applicable to all proceedings before the Tribunal etc".



although discretion has been allowed to the Tribunal to relax any of the provisions. The Committee would point out in this connection that owing to such an elaborate procedure requiring strict adherence to the Evidence Act, the business concerns, by and large, cannot afford to file any complaint before the Tribunal, as they have to engage big lawyers to argue their cases.

**Q: 5. Delay in disposal of complaints by the Tribunal:** The delay in disposing of claims by the Rates Tribunal is notoriously long. The reason why the proceedings are so dilatory is due to the appearance before the Tribunal of highly-paid professional lawyers employed initially by the Railway Administrations and consequentially also by the complainant parties. The procedural complex under which the Tribunal labours, also contributes towards delay in the disposal of a complaint.

**Q: 6. Causes of delay in the disposal of complaints:** The reason why the proceedings before the Tribunal from the point of view of the trading public has proved so costly has already been anticipated in the previous answer, namely, the briefing of professional lawyers of high standing. Other causes of delay are the number of adjournments in the hearing of the complaint and prolongation of hearings from day to day on matters which do not always bear on the facts of the case. The only remedy which the Committee can think of—and to this they attach a great deal of importance—is that professional lawyers should not be allowed to appear before the Tribunal on behalf of either party, except by the consent of the other.

**Q: 7. Reasons for non-representation by parties themselves:** Here also, the reply of the Committee have been anticipated, namely, that the parties have always felt constrained to employ professional lawyers of standing in order that the representation of their case may not suffer on account of highly-paid eminent professional lawyers which the Railway Administration as a rule, brief for their defence before the Tribunal. As an instance, the Committee may cite a simple example here that on May 30, 1954, the Bharat Chamber had made a representation to the Railway Rates Tribunal to take cognisance of certain matters in regard to the rates for Manganese ore moving from the mines in Orissa to the Kidderpore Docks in Calcutta. In reply, the Tribunal advised the Committee that no cognisance could be taken of a complaint like this unless presented in the manner prescribed in the relevant rules.

Besides, the Committee would suggest that the Tribunal should hold their sittings at important centres, so that they may deal with the complaints of parties of a particular centre, as at present most of the parties, particularly of Northern and Eastern India cannot afford to get their cases heard at Madras.

**Q: 8. Qualification for membership of Tribunal:** The Committee are frankly sceptical of the qualifications which have hitherto been considered suitable for appointment as a member of the Tribunal. The Chairman has always been a member of the judicial service or of legal profession. The Committee do not consider such an experience entitles a

person to take competent view of the nature of the complaints which are cognisable by the Rates Tribunal. At least under Indian conditions, the knowledge of working of the Railway transportation is not widespread and as such, it is only a person with abundant background of Railway transportation who should be called upon to preside over the Railway Rates Tribunal. It does not mean that such a person should have been a former member of the Railway Administration but should in any case be one who has enough background of knowledge of Railway transportation even at an indirect level.

**Q: 9. Size of the Membership of the Tribunal:** The Committee would not suggest any increase or decrease.

**Q: 10. Present composition of the Tribunal:** The Committee venture to feel that the present system of constituting a Railway Tribunal composed of one permanent Chairman and of two Assessors, one each drawn from two Panels, one representing the trade and commerce and the other representing the Railways, is far from satisfactory. The Tribunal should consist of all permanent members and apart from one member with judicial background or legal training, the rest of the members including the Chairman should be persons who should have a clear understanding of the functioning of Indian Railway Rates Structure and other related matters. It does not follow that a person connected with trade or business is necessarily competent to judge on a technical level the operation of a particular rate. Nor is a Railway representative while still a Railway servant, can be regarded to be unbiassed in taking a view of the complaint made and argued before the Tribunal. In this connection the Committee would only point out that the Indian conditions are so widely different from the conditions of Inter-State commerce in the U.S.A. that points for decision in India should be far less legalistic and far more practical than what is usually the case in the hearing of rates complaint by the Inter-State Commerce Commission. The Tribunal in India should be anything but legalistic.

**Q: 11. Bifurcation of the jurisdiction of the Tribunal:** The Committee are opposed to a bifurcation of the present functions and jurisdiction of the Rates Tribunal. The efficient and an economically sound development of Indian rates system and related matters require a unity of determining agencies.

**Q: 12. Judicial character of the Tribunal:** The Committee do not find enough reason for abolition of the judicial character of the Rates Tribunal on the ground that the ownership of all the Railway systems is now vested in the Government. The Railways being a large business undertaking although of a very specialised character, it is essential that under conditions of State ownership there should be a judicial safeguard against political pressure made on the Railways to serve exigencies of current national situation. The Committee accordingly, while welcoming that procedurally the Tribunal should be aligned to the Tariff Commission, are unable to accept the view that the decision of the Tribunal should not be absolutely binding on the Government. In the event, however, the view be taken that absolute judicial

character of the Rates Tribunal is not reconcilable with the flexibility of procedure of the Tribunal, which the Committee have in a previous answer so strongly advocated, they would in that circumstance be satisfied even with the advisory character of the Tribunal

in order that its procedure may be sufficiently flexible and informal in order to suit the usual method adopted by the business public in contacting Government agencies in their effort to seek redress of their grievance.

## Indian Chamber of Commerce,

Calcutta.

### GENERAL.

The Committee of the Chamber have gone carefully through Part I of the questionnaire forwarded by you. Their replies to questions contained therein, which are directly of interest to industry and trade and involve questions of policy, are enclosed. For the sake of convenience, however, it is thought advantageous to present here in brief the principles which they regard as being vital to a reasonable freight structure policy.

2. The intention to rationalise the freight rates structure, which was the background of the revisions made effective from 1-10-'48, was unexceptionable. Certain advantages were expected from this move, such as the benefit of certainty to the user of railway service in regard to the amount of freight charges payable by him at any time; reduction in the incidence of freight charges on a commodity with increase in the total distance carried; avoidance of the bad effects of a monopoly; the ironing out of disparities between Owner's Risk rates and Railway Risk rates; classification of goods according to accepted principles so as to remove certain anomalies in classification which had been detected earlier.

These hopes, however, have not all been fulfilled. The classification of commodities and the level of the rate for each class of commodities increased substantially while in many cases, the exceptional higher classifications of old such as in the case of Jute and Tea become the norms. The classification itself did not frequently follow recognised principles and increase in rate were not properly spread out as among different commodities, thus vitiating the principle of relativity, which is of considerable consequence to industry and trade. The very concept of increasing rates to adjust them to rising prices was against the idea that rates should be stable. Apart from these difficulties, while schedule rates were withdrawn, the number of wagon load rates which were introduced was limited. Another direct effect of the arrangements made in 1948 was to penalise short distance traffic. The difference between Owner's Risk rates and Railway Risk rates is also considerable while most commodities have presently to submit themselves to the higher Railway Risk rates, compulsorily. In the same manner, the class rates are much higher than

wagon load rates—higher than is warranted by accepted considerations of rating.

Another aspect of this revision in freight charges is that it was sudden. Railway rates, all over, have been the results of gradual evolution, which enabled sympathetic understanding of the needs and difficulties of industries and trade at every step. The Post-war Rating Committee, however, which went into this question in India did not have the advantage of close association of industry and trade with the massive work which it undertook to do, in a limited time. It is not therefore unnatural that the results of revisions effected have not been all that were expected in the beginning.

3. These aspects of our present Freight Rate Structure have had their inevitable bearing on industries and trades. The Railway Administrations have been governed primarily by considerations of their own revenue and expenditure and have not been adequately responsive to the problems of a developing economy. The number of class rates and the number of wagon load rates in India, as has been shown in replies to individual questions which follow, are insufficient. Both in the general classification of commodities and in the prescription of wagon load rates, the desire to maximise revenue has clearly stood out. As against carrier practices in the United States which move only 4.1% of all car load traffic at class rates, the Indian Goods Tariff Schedule has only 13 wagon load rates covering 80 to 90 commodities out of a total of 3,500. Wagon load traffic usually reflects a saving in operating costs of the Railways and rates for such traffic are fixed on the basis of competitive market conditions, nature of a commodity and similar facilities accorded to other competing items. These are regarded as being conducive to the maximising of Railway's revenue and to the conservation of wagon space.

It is also appropriate to point out that over and above the desirability of having more wagon load rates, concessions such as station-to-station rates and 'rebates' will still be necessary to draw traffic in a country like ours where industrialisation is still to make headway.

4. A very serious deficiency of the present rate structure is that the existing rates lack relativity among themselves—as between rates in different classes, as between the class rates and the wagon load rates. The class rates are fixed too high, both from the stand point of the transportation characteristics of commodities falling in each class and from the point of view of wagon load rates themselves. The question of relativity in rates is important as competition among traders could be very much altered by this factor.

5. The number of 'legs' in the haul and the 'distance' in each leg also need to be so revised that the incidence of freight on commodities declines quickly with the progression in distance. Charges, which are extra to conveyance charges, such as terminal charges, minimum charge per wagon, have little justification in a freight rate structure constructed on the telescopic basis. The services for which these are levied are understood to be incidental to carriage and if any extra charge should be involved by some of them, it should be negligible. If the rates should be fixed with reference to the transportation characteristics of a commodity and with the intention of attracting the maximum traffic, these charges are further unnecessary. No particular levy should be made, similarly, for special wagons as tank wagons or hopper wagons, as rates for commodities to be moved in them do normally take this factor into account.

6. These statements lead necessarily to an examination of the principles of general classification of commodities. Transportation characteristics and transportation conditions of a commodity are fundamental to the fixing of class for a commodity. The principle of classifying commodities on the basis stated here has, however, to be observed scrupulously; otherwise it is likely to lead to avoidable hardships.

7. Referring to the question of transport capacity itself, it is not considered desirable to limit haulage by railways to distances over a certain point, as the consumer's choice in regard to the particular type of carrier service which he would prefer is not to be interfered with and further, this preference is determined not only by rates but by services as well. The introduction of more wagon load rates and rebates could, however, result in conserving wagon space to a great extent. The introduction of express services seems, *prima facie*, to promise relief from wagon shortage but it should not result in delaying ordinary services. If it should have this effect, it will introduce a new element of competition between the small and the big trader. Additional charges for express service can also result in intensifying such competition to the detriment of the small and the medium units in industry and trade. An overall speeding up of Goods Train Service seems, in the context, to be more desirable than the introduction of certain express services.

The idea of integrating Railway Transport with road or river transport is fraught with difficulties as it would be difficult to determine the basis of inter-relation among the three rates, particularly under conditions of monopoly in railway service and competition in the other services.

8. The proposal to create a freight pool for the carriage of certain commodities seems to be intended to confer some benefit to the consumer by enabling him to have a uniform price, at any point in the country, for essential products and to afford facilities for the development of less developed areas. On closer examination, these do not seem to be well-grounded expectations. It is likely that a freight pool results in cases of discrimination and that it aggravates competition for wagon space by traders who may want to sell in far away areas where they do not normally seek to sell.

9. The extension of concessional rates to export and import trades or to particular industries, on the basis of the general principles laid down, seems only fair. This will not be merely on the fact that they are export and import trades or that they are developing industries but on the basis that they qualify for such concessional rates on the principles laid down for rating. Explaining this further, it may be stated that rates must after all have an eye not only on the present traffic but also potential traffic and the general conditions of an industry as a whole will therefore be of concern to the carrier in the fixing of rates. As industries develop, traffic too will grow. Any idea, however, that individual units of an industry should have preference among themselves is not to be countenanced, as this will seek to obliterate natural advantages of location and neutralise inherent competitive capacity.

10. From what has been stated so far, the objects of a proper freight rate policy emerge. Railway rates are not to fetch excessive revenue, because what may be foregone thereby is more than compensated by the acceleration of general economic activity that may be achieved. Secondly, rates are to be properly related to one another, so as to be reasonable to all interests who are concerned with railway service and to avoid charges of discrimination. A third consideration of equal importance is that long-standing rates are themselves their justification and should not be subverted suddenly without proper reason. The mere fact that traffic moves at certain rates will not be in itself an adequate justification of these rates, as reasonable rates have their existence on totally different grounds. It is also essential that rates are stable and do not vary with commodity prices but at the same time they have sufficient flexibility to extend concessions to developing industries or trades on the ground the 'basis' to be applied to them is 'different.' As explained in detail in the body of the replies itself, this has relation to the potential traffic available to the Railways. The Railways will be well advised to take into account not only the present traffic but also the potential traffic to measure even their cost of operations in the total. They should not discourage some movements to facilitate others or deny a certain route to a shipper or a reasonable rate over a route, on grounds there are others already provided for.

While these indicate certain things, which should not be done by the Railways if rates are to be considered reasonable, there are other considerations on the positive side which are important in rate fixing. The most important here, as mentioned earlier, is that goods are to be classified according

to transportation characteristics as understood in trade parlance and that they provide for wagon load rates for all commodities that move in wagon loads, co-relating the class rates and the wagon load rates appropriately and prescribing station-to-station rate and rebate wherever proper. Primary raw materials consigned to industries should further be enabled to obtain rates which would even be more concessional than ordinary wagon load rates. Secondly, rates must decline progressively over distance so that there is no undue burden on short distance traffic. Thirdly, all extra incidental to carriage are to be dispensed with. While it is recognised that the Railways are the country's largest national asset and as such should not be a losing concern, it is also essential that all possible efforts are made to ensure that they are run on most efficient and economic lines and that in their operation there is not only no avoidable waste of man-power or equipment but that these are put to their optimum use. The Committee are not convinced that the Railways have always taken effective steps to ensure such economies in their operation before revising their freight rates. If the Railways go on raising the freight rates to augment their revenues with a view to meeting their rising expenditure without taking into consideration the need of having a freight structure conducive to the expansion of trade and industry, it will in the long run have adverse effects on the general economy of the country which in its turn will affect the revenues of the railways also. The idea of charging certain traffic on inflated mileage basis is objectionable and potential traffic will not, thereby, be assisted to develop in new areas.

11. The Committee of the Chamber trust that these views of theirs which have been amplified in the accompanying replies to your Committee's questionnaire will have their sympathetic and careful consideration.

#### PART I-A

Q: 1 (a, b & c). The modifications in freight structure, effected from 1-10-1948 were intended, it is claimed to rationalise the same. To enable traffic being quoted on the continuous mileage basis, all schedule rates and most of the station-to-station rates were withdrawn. All traffic was to move at ordinary tariff rates, so long as this did not affect development of traffic. Station-to-station rates were to be quoted only if the revenue of Railways promised to increase by such a step or if such action was needed, to eliminate rebooking. Against 16 class rates, thirty schedule rates, and thousands of station-to-station rates which existed pre-war, there came to be substituted, 15 standard telescopic class rates and 13 telescopic wagon load rates, covering nearly 3,500 commodities in the Goods Tariff Schedule. Hardly a few hundred station-to-station rates were kept and many of these were on an enhanced basis, compared to the pre-war schedules. The thirteen standard telescopic wagon load rates cover about 85 commodities while another dozen items get lower class rates or lower-than-class rates, with special conditions attached such as minimum loading in a wagon, minimum bulk of material to be offered for consignment in a stated period etc. Both the class rates and the wagon load rates are quoted on a continuous mileage basis, the rate per mile declining with

increase in the distance of carriage. The old class rates were flat rates per maund per mile with a maximum and a minimum for each class while the schedule rates were either on a 'flat basis or on a tapering basis'. In either case, the rates covered only the particular Railway's own hauling. The station-to-station rates of old were quoted per maund or per wagon, for a stated distance, on the same Railway or more than one Railway.

The aim of the revision thus made was unexceptionable, namely, rationalising the freight structure. In the old days, for instance, cement was being carried by twelve class I Railways in India on seven different schedules so that the charge on 300 miles varied from 51 pies per maund to 114 pies per maund. Salt was being carried on ten different schedules, similarly. The same commodity often moved on different rates at different stretches of its movement. Terminal charges were levied, as judged proper by each Railway administration, varying from 1 pie to 16 pies per maund, and were extras to class rates and schedule rates but not to station-to-station rates. It may thus be conceded that certain advantages were expected from the adoption of the continuous mileage principle. Firstly, the consignor was expected to know hereafter what rate was payable by him, precisely and surely. Secondly, by adoption of a taper under which the rate was progressively declining with increase in distance, the hardship caused by a flat rate was expected to be obviated. Finally, exploitation of a monopoly, as was seen on the old EB, AB and South Indian Railways, who adopted an exceptional class rate for jute and tea, would, it was hoped, end. To illustrate this, it may be recalled that against class IV in the tariff, tea moved over these Railways respectively at the 9th class and the 6th class. It was also the expectation that the wide disparity between O.R. rates and R.R. rates would disappear and that dissimilar commodities, would no longer be placed in the same classification or the same commodity placed in different classifications, according to use. From the Railway's point of view, the defects inherent in each Railway viewing problems from its own angle, were to cease.

These hopes, however, have not all been fulfilled. In rationalising the total number of 'classes' and 'schedules', the level of the class rates increased, while many commodities came to be automatically classed in a higher category than before. In some cases, reclassification came to be on the higher exceptional class rates which had been in force in the days of inter-company competition. An example of this is hemp and jute for which the new level of class rates was fixed at the level of the old exceptional class rates. Instead of merely absorbing the 12½ per cent surcharge of the war years into the new class rates, the classification of these items which was originally 2 RR/3 OR came to be 7 RR, with no wagon load scale. Ropes made of these were, in the same tariff, placed at 3 RR and later, when this anomaly was discovered, at 8 RR. Hemp, used in manufacture of paper, was quoted a higher rate than other materials for paper manufacture. The textile industry has pointed out that against 46 pies per maund per mile it paid until 1-10-48, which was the maximum, it now pays Rs. 4-6-0 per



maund irrespective of distance. It is estimated that commodities were generally moved up 2 or 3 classes in the tariff, the percentage enhancement in the average, varying from 40/50 to 85/100 per cent. In many cases the increases which were between 200/300 per cent, and were justified by the ground of the Railways' own operating costs had increased even more. It is thus clear that the classification suddenly became costlier to trade and industry than before and some of the anomalies in the previous classification were not properly rectified. It is said that certain sugar factories lost their markets in the South, over 1000 miles distant from their location, after the revision. Classification has not followed, either, the normally accepted principles. Further, in the classification itself, the percentage increase in rates on certain items as coal and food-grains was kept as low as possible but this was made up by higher enhancements on other commodities. This meant, the burden of the increased rates was not evenly distributed over the schedule. Thirdly, even if the increased rates should have seemed relevant to the passing conditions of 1948 when prices all over were inflated, it was wrong to stabilise rates at a level appropriate to a period of inflation. It needs to be pointed out here that it was not made sure that the increased rates would only just meet the increased expenditure and no more and that all possible economies had been effected on the operational side of the Railways. Even on the basis of increased commodity prices, the rate increases seemed excessive. Fourthly, it is estimated that compared to 1946/47, the total quantity of goods traffic carried over the Railways declined by 24 lakh tons in 1949/50 but total revenue increased by Rs. 30 crores. In the matter of quoting wagon load rates, the Railways have been sparing. They have even held the view sometimes that it was superfluous to quote such rates for traffic which normally moved in no other way than wagon loads. Thus, industry and trade often found themselves in distress, particularly so as the old station-to-station rates were withdrawn. In some cases, where such rates were agreed to be quoted, they insisted these could be quoted only to the nearest ports, although the nearest port was not the port, to which the traffic wished to move. The fact that enough traffic is moving at existing rates and that the Railways are not able to carry all the freight that is forthcoming, has been adduced in justification of the prevalent freight structure. This, it will be seen from our discussion of what we regard as a reasonable freight structure in a subsequent part of this reply, is no valid argument at all. During a period of expanding production and trade, the hardship caused by the freight structure will be difficult to detect but it will not justify rates, which are reasonably to be fixed on other considerations. Another disadvantage of the revised classification is that short distance traffic has been severely penalised under it. As is detailed in answers to Question 3, the burden of the increased rates is taken by short distance traffic. In the industrial belts, where raw materials and intermediate products have to be moved between areas and imported machinery or raw materials cleared from ports to factories, this definitely adds to the cost of production of manufactured and semi-manufactured

articles. It is also to be pointed out that the wide difference between Owners' Risk rates and Railway Risk rates remains and most of the O.R. rates have disappeared. The disparity between rates for consignment in smalls and consignment in wagon loads as also the difference between the rates for short distance movement and long distance movement, are both very much more than could be explained by mere differentials in the cost of Railways' operation. Besides these standard terminal charges, the unscientific basis of fixing transshipment charges and the fixation of a short distance charge are novelties. Fractions of a maund for any weight within 5 seers used to be rounded off to 5 seers originally but now, fractions of a maund within ten seers are rounded off to ten seers. The minimum distance for charge has also risen to 20 miles against the original ten.

Some instances of hardships caused to particular industries or trades, which will fall under one or other of these heads may perhaps be given here. First in the order of mention must be instances of anomalous classification. Among items readily occurring are paints; spirits; colours and dyes; foodgrains alongside of salt; caustic soda in solid and liquid form; glass carboys empty new and used; fibrous materials for paper making as also woodpulp; different non-ferrous metals, manufactures, semi-manufactures and alloys; the heterogeneous items brought under the head, electrical appliances and fittings; grass dry; jute, gunnies and hemp. Details of these anomalies are given in answers to Q: 9 and 10. Increase in the level of class rates and the upgrading of commodities for classification being general, need not be particularly instanced but it may still be pointed out that caustic soda which was under class 2 RR is now under class 4 RR; that salt is placed now in three classes and pays at class rate, 50 per cent. more than the wagon load rate appropriate to it; that the textile industry finds that the minimum rate payable by it prior to the revision was .46 pie per maund per mile while the present rate is Rs. 4-6-0 per maund irrespective of distance. Coal freight was raised in 1952 by 80 per cent. and under the latest amendments, freight will be raised further, on more than 90 per cent. of coal despatches, affecting also all domestic users of coal fuel. Examples of unimaginative classification of items for which a market is only beginning to be built up, are furnished by *petroleum coke* and *extruded aluminium alloys*. The former is a waste product now being refined and used extensively by the aluminium industry mainly and as fuel by the general engineering industries. Prior to 1-7-51, freight rate applicable to it was the same as for coal, coke and patent fuel in wagon loads, but from 1-7-51, it is classified under 1 RR. From Dighboy to Anupnagar, a distance of 997 miles, this rate meant an increase from Rs. 14-3-0 per ton to Rs. 62-10-9 per ton, which was an increase of 450 per cent. The price of petroleum coke currently is Rs. 50 per ton while freight, with incidental charges, thus works out to Rs. 65-6-6 per ton. Calcined coke, as different from this raw coke which needs subsequent calcination, which is imported from Japan, will involve a freight of only Rs. 32-7-3 per ton. Aluminium extruded alloys, the other item on reference, are just being popularised in the country.



their manufacture having only started a few months ago. These are placed under class 11 while similar sections of brass and copper, to which they are even in value, are placed in class 5. In this case, the Railways also obtain a high freight on the inward moving raw material to the factory, which is alumina. The unduly large difference between wagon load rates and smalls has again affected industry. The freight from Mithapur to Allahabad is Rs. 44-12-8 per ton of caustic soda in wagon loads but Rs. 89-6-0 in smalls, while from Alwaye to Bombay, it is Rs. 44-13-0 per ton for wagon loads and Rs. 90-5-0 for smalls. Caustic soda lye, transported in tank wagons from Alwaye to Bombay, costs Rs. 194-10-0 per ton as freight, inclusive of return haulage, against Rs. 44-13-0 per ton for solid caustic soda. The difference of Rs. 50 per ton is exorbitant, as the Tariff Commission found out, alongside of the difference in price of two commodities which is only Rs. 100-0-0 per ton. It has been mentioned, earlier, that Owner's Risk rates have disappeared almost entirely. Hydrochloric acid, for instance, so essential to engineering industries, has only a R.R. rate.

This part of the question is examined in clear details under Q: 9 and as such, is not discussed here further. There is, however, one important observation which needs to be made even now. Tariffs are not made out of hands but they grow. This element of growth, to the extent that it existed in our rates structure, was upset in the 1948 revisions. Long experience in sympathetically feeling the pulse of the business community is lacking in the revision of rates made in 1948 which were affected unilaterally and with no consultation with trade and industry. This defect can only be rectified by a permanent Classification Committee, on which industry and trade will be associated. Thus, while the idea of classifying goods on the telescopic basis is assuredly of help to industries and trades, the manner in which it was implemented, has inflicted considerable hardship on these. While possible alternatives to class rates are fewer now than before, adjusted class rates below the maximum are also less and the disadvantages of railway routing agreements and of a flat class rate are avoided at present, the wide margin between O.R. rates and R.R. rates, remains; dissimilar commodities often remain in the same class and similar commodities in different class; and both the level of rates and the classes commodities are placed in, are upgraded. Financial difficulties of Railways and increase in commodity prices were grounds on which this was done—both, inadmissible merely by themselves for the course adopted, as we show later.

Q: 2. (a & b). Adjustments in rate structure and in carrier's practices to suit changing economic and competitive conditions is necessary, as frozen rate structures are not conducive to the fullest utilisation of transportation facilities. This point is fully recognised by the Inter-State Commerce Commission of the U.S.A. and the Railway and Canal Traffic Commissioners in the U.K. The present rate structure which aims at doing away with special rates and station-to-station rates progressively, cannot be held to be sufficiently flexible. There have been constant enhancements in rates, which

upset a long established trade structure and the latest of such enhancements has been from 1-4-55. The rigidity of the structure is readily borne out by some of the examples already given. Hemp fibre remains classified at 7 RR against its previous classification of 3 RR. Certain special rates for its movement from Shiupur to K. P. Docks and from specified stations in Madhya Pradesh to Shalimar, almost in the vicinity of the class 3 rates, but with rather high weight conditions for loading or with a guarantee of total loading in a season were, however, introduced from early 1952, only after the matter went before the Railway Rates Tribunal. The Railways, who had been unwilling to discuss this issue earlier, then called for discussions and a compromise was reached. Thereafter, the manufactured product made of this material was placed in a higher classification to rectify a so called anomaly. The Tribunal, unaware of the terms of settlement, held that the fact the case for the fibre was withdrawn proved the fibre could stand the classification. Some of the special rates introduced have been rescinded on the ground that in a particular season, the loading from a station fell short of the minimum loading visualised for these special rates. Similarly, "Grass dry" was required by the straw board producing mills to be treated as raw material for the manufacture of straw board and paper and the mills also requested that in these cases, 'the short distance charge' and the minimum wagon load charge, be waived. For the finished products of theirs, they simultaneously wanted a W.L. rate. The Railways were not amenable to these with the result the case went up to the Railway Rates Tribunal. The Tribunal upheld the first two requests and being in no mood to accept the decision, the Railways appealed to the High Court at Madras. Finally, the Court confirmed the Tribunal's decisions but felt that in respect of the last request of the industry, it had no jurisdiction. The attempt of the Railways generally has been to attempt raising the classification. The M.S.M. Railway preferred a complaint before the Tribunal in 1950 to raise the classification of Jeera Seed. White on the ground there had been some oversight but this request was not allowed. In 1952, they raised the classification of hemp rope, jute rope and cotton rope, as already explained. In 1953, the Tribunal found the refusal of the Railways to quote station-to-station rates for cast iron pipes in wagon loads from Bhadravati to Ambernath and Kalyan was unreasonable. A 12½ per cent reduction in the classified rates for jute, moving to the Shri Bajrangraj Jute Mills was awarded by the Tribunal in 1954 but this came only after the matter had gone through protracted discussions and legal proceedings and considerable harassment had been caused to parties in the meanwhile. These few recent cases are cited to show that the Railways are usually unwilling to use their discretion to meet the legitimate needs of industries. Proposals were made by the industry, more than a year ago to revise the classification of several non-ferrous virgin metal scraps, manufactured and semi-manufactured items, alloys and castings and to remove anomalies pertaining to them, but this request has not yet been seriously gone into by the Railway Administration concerned. The request by the aluminium industry, for reclassification of petroleum coke or the extension of con-

cessional freight rates for its movement, is pending before the Railways concerned for the last three years and has recently been taken up by the Industrial Association, concerned with the aluminium industry. Another example of the failure to exercise their discretion to meet the legitimate needs of industries is the recent classification adopted of extruded aluminium alloys sections by the Indian Railway Conference Association. This item has now been placed in Class II RR against copper and brass sections which are 5 RR and which are possibly similar in value or a little higher. It was pointed out by the industry that this item of manufacture was just being established in the country and was still to gain a market and that a high freight rate, by pressing heavily on users, would discourage popularisation of its use. The manufacturer was already paying heavily on the transport of raw materials to his factory and the transportation characteristics of the item such as good weight for a small space taken, safety from damage in transit to itself or other commodities; case in handling did all entitle it to be placed in a lower class. The Indian Railway Conference Association did not appreciate these facts, and the material was classified at 11 RR. An appeal to the Railway Board on this matter, is pending decision still. In the same manner, certain motor car spare parts originally indexed to iron and steel division "B", had reclassified by the Eastern Railway to Motor Car Spare Parts N.O.C. This meant a rise in the rate from 68 pies per mile to 1.18 pies per mile—an increase of nearly 100 per cent.

We, therefore, feel that the approach of Railways to the question of reclassification of goods or of concessional freights has been to aim at increasing the revenue of Railways and to yield concessions, only where such become unavoidable.

Q: 3. Please see the explanatory note in Annexure I.

Q: 4. This question may be dealt with, in conjunction with the question number 11 of the the Questionnaire.

The numbers of class rates and the numbers of wagon-load rates fixed under the Goods Tariff Schedule in our country are insufficient. The total number of commodities falling in the classification is 3,500 but there are only fifteen class rates and thirteen wagon-load rates for the whole range of these. Classification is supposed to be based on certain considerations tested through time, the most important of which would be the transportation characteristics of a commodity. It is inconceivable that in fifteen groups, as many as 3,500 commodities would fall or in other words, on an average, about, 235 items have similar characteristics of transportation. It is significant that in the wagon-load scales that are laid down, about eighty commodities are put under thirteen different scales. The intention could only be to extort the maximum possible revenue to the Railway, under either condition.

In discussing the issue of the different class rates and wagon-load rates are appropriate in relation to one another, it is desirable to assess the considerations relevant to the fixing of wagon-load scales. The trend in the U.K. law is that regular traffic in large quantities and full wagon-loads or train loads, justifies a lower rate since operating costs are

reduced thereby. The difference in class rates and these special rates, however, must approximately reflect the saving in costs to the Railway. In other words, the economic justice of allowing a car load shipper lower rate than one who ships in smalls is on account of the difference in costs and service to the Railways themselves. This is recognised also by the Courts and the Inter-State Commerce Commission in the U.S.A. as beyond question. The U.K. practice, further recognises the importance of quantity, distance, regularity of movement and other incidentals, as relevant to the differential in rates between smalls traffic and wagon-load traffic. We would add that the consuming capacity of a market and competitive conditions therein are also factors to be considered in fixing wagon-load scales, apart from the nature of the commodity itself and facilities accorded to similar articles. Thus, car load rates are lower than less-than-car-load rates, not on account merely of the quantity shipped but of the differential in services performed and recognition of the car load as the unit of shipment.

From these discussions, it is clear that added expenses of billing, loading, unloading, policing, checking, are what raise the class rates over the wagon-load rates. In the U.S.A., only 4.1 per cent. of all car load traffic moves under class rates: that is, nearly all commodities that actually move in car loads have a car load rate. As indicated in answers to question number one, this is not so in India; there are many commodities—abrasives, agricultural implements, alum, antimony ore, asbestos, bauxite, liquid chlorine, magnesium sulphate, magnesium chloride, caustic liquor—which do not have a wagon-load rate at all. The Post-war Rating Committee in India had been particularly charged with drawing up telescopic class rates for all commodities with a corresponding rebate for W.L. traffic but this was not effected. The basis of determining if a commodity is classified to a wagon load rate has thus to be clear. The new wagon load rate, WL/BR introduced from 1-4-55 and applied to one commodity 'chemical manures' division "B" is lower than WL/B rate which originally applied to chemical manures as a whole. An examination of the commodities placed specifically under the two wagon load rates bears out that some of the chemicals under WL/BR may be used for other manurial purposes and that their values may be as much as or even more than some others under the WL/B rate. It is not clear, either, why chemical manures are entitled to special treatment but not many other chemicals, which are equally important, for purposes of wagon load facilities. The basis of determining the particular W.L. rate applicable to a commodity is thus not clear and requires to be stated precisely, while W.L. rates must be extended to as many commodities as possible. Wood pulp for example which now moves at class rate loads about 240 maunds a wagon but with W.L. rate it may load nearly double that, thus conserving wagon space itself.

In the section relating to anomalies in classification, an effort has been made to show how many of the class rates lack relativity between themselves, measured from considerations which appropriately fix 'class' for a commodity. This has been the result of hasty and unilateral revision of

rates made in 1948. The relationship between class and W.L. rates is also not satisfactory in many cases and class rates are pitched too high. Caustic soda, from Mithapur to Allahabad, for instance, costs Rs. 81-6-0 per ton at the class rate, as freight, but Rs. 44-10-6 at wagon load rate. From Alwaye to Bombay, the cost in freight for the same commodity will be Rs. 90-5-0 per ton at class rate and Rs. 44-13-0 per ton at wagon load rate. Similarly, sulphur at 6 RR, has a wagon load rate—W.L.; this pays Rs. 1-11-0 per maund at the class rate from Bombay to Nagoda against Rs. 1-0-11 per maund at wagon load rate.

From all these, it seems that the class scales and wagon load scales are not adequate or well constructed. The General Classification of Commodities will have to be gone into, from the stand points of classification discussed elsewhere, by the I.R.C.A. classified by a panel of assessors from trade and industry. Thereafter, corresponding wagon loads rates will have to be laid down for all these remembering the differentials in cost of service which the wagon load may make in each case, quantity moved, distance of movement, regularity of the movement, consuming capacity of the market, competitive conditions therein etc. It would also be necessary to prescribe that a wagon load rate may be availed of by two or more consignors joining together to offer a wagon load of the same material, provided it is booked to the same destination, as this will result in wagon space being conserved. Rebates, as used to be given in the old days, on loadings over a prescribed minimum in a wagon may be continued to give incentive to those who despatch goods to utilise the wagon to the fullest possible. Station-to-Station rates, for traffic moving in wagon loads, may be pitched still lower on the same principle and on grounds of a saving in operating troubles to the Railway itself. Such rates may be extended even on a temporary basis. Where, for instance, a factory is being erected and considerable quantity of machinery and materials have to go between two points, these rates may be made applicable. In the old days, a variant of this principle was admitted in reference to classified rates. In the busy season, the EB Railway moved drummed jute from the principal stations to Calcutta at 40 pies per maund per mile, pressed jute in bales at 30 to 35 pies per maund per mile but slack season rates were generally lower by 30 per cent over the busy season rates and intermediate season rates were a mean between the rates of the busy season and the slack season.

The number of legs and the distance range in each leg also leave much room for improvement. In the class rates, there are only three legs, the first three hundred miles, the next three hundred and distances beyond whereas in the wagon load scales, there are three types of legs:

(1) the first 100 miles, the next 300 miles and then distances beyond

(2) the first 150 miles, the next 150 miles and then distances beyond and

(3) the first 300 miles, the next 300 miles and thereafter, the distances beyond. Thus, traffic in the case of the class rates falls only in three legs uniformly, each of

the same taper for all classes, but in the case of the wagon loads scales, it falls into three legs each of which is not of the same 'taper' for all scales of rates.

In a country of vast distances, as in India, the number of legs being few may mean that the incidence of freight falls heavily on certain kinds of traffic and less so, on others. The equity of a tapering scale as distance increases is recognised by the Inter-State Commerce Commission of the U.S.A. The class rates evolved and notified by it commence at six cents for a distance of five miles; this increases at the rate of half a cent for five miles upto 110 miles;  $\frac{1}{4}$  a cent for ten miles from 111 to 300 miles; 1 cent for twenty miles from 301 up to 400 miles; 1 cent for 25 miles, from 401 to 500 miles; and thereafter, at 1 cent for 33 $\frac{1}{3}$  miles. Thus, the decline in the per mile rate is rapid until the long distance point in the legs is reached. This is an indication to us in India, with corresponding adjustment to our general level of prices and other relevant factors, to mitigate the burden on short distance traffic, by increasing 'the legs' and adjusting the distance range in each leg.

It is not possible to know how the distance range for each leg of the 'class' and the 'wagon load' scales has been fixed. In the absence of information, individually for each commodity, about the average haul for it, we have to resort to the average haul for all commodities. This average is about 224 miles, in the light of which, it appears, that the intention seems to be to squeeze the maximum from traffic that is available, by fixing the legs at their present ranges.

In the fixing of class rates, a novel feature is the maximum rate per maund leviable for each class of traffic. This works out to a position under which, roughly, beyond 1,500 miles, traffic seems to be carried free. It is not conceivable that beyond 1,500 miles cost of operation is nothing; in other words, the assumption of our present rating appears to be that cost of operation beyond the 1,500 miles level, has been accommodated in the cost of operation up to the 1,500 miles leg. Experts in rating, do not favour the according of such disproportionate facilities to very far off points and consider it an economic anomaly.

Short distance traffic is particularly punished under our present rating structure. As a result of adjustments made since 1-4-'55, when class rates in the first 300 miles went up and those on distances beyond 600 miles went down, leaving the middle leg untouched, short distance traffic—that is, traffic in the first leg, has been penalised. In grains and oil seeds, items of extensive movement, the average load for example, is only 250 miles so that in the first leg, all the traffic is covered at the maximum rate. Let us take another instance, caustic soda moving from Mithapur to Okha which is a distance of 7 miles only. It pays Rs. 3-15-6 per ton, while bleaching powder pays Rs. 4-13-1. By absolute standards even, these are pretty high charges for the distance covered! Coal became costlier to industry since enhancement of freight charge made in 1952 but the further amendments made last year will make coal 90% costlier to industry and domestic users! At the class 1 rate, generally a commodity will pay about Re. 0-2-9 per

maund for a movement of 20 miles which is equivalent to 7th class rate, if terminal charges are taken into account, and 14th class rate if terminal charges be omitted! It is again an indication of the disparity in rates fixed for the different legs of the haul and the meagre number of legs fixed, for covering the total haul!

The modifications necessary in the context, emerge from the facts which have been stated here. A fair relationship between wagon load rates and class rates has to be established. The class rate levels will have to be lowered and wagon load rates introduced for every important commodity—that is, commodities that actually move in wagon loads. Raw materials consigned to industries, must, as now, have even lower rates than ordinary wagon load rates. More than one consignor should be allowed to avail of the facility of the rate jointly as it will conserve wagon space; make the same available to other traffic and enable the Railways to earn more in the nett. This relativity among class rates between 'classes' and 'wagon load scales' must be established by the I.R.C.A. in association with trade and industry. Concessions, which may be needed, despite these, by way of 'station-to-station rates' and 'rebates' must be maintained wherever merited. The number of 'legs' must be increased and the taper in the rates be such that up to reaching the stage of the 'long haul' in the taper, the rate per mile declines rapidly and thereafter remains at a constant figure. This will minimise the burden on short distance traffic and at the same time ensure the charges for carriage of goods beyond 1,500 miles are not passed on to traffic moving within 1,500 miles. The number of legs to be introduced and the rate appropriate to each leg could be arrived at, by examining the volume of total traffic for important commodities and their respective legs. The nett effect of these must be to enable the Railways to carry more traffic than now with available rolling stock and attendant facilities.

Q: 5. Important charges, extra to the conveyance charge laid down by the class rates and the wagon load rates, are terminal charge, short distance charge, transshipment charge, minimum distance charge, minimum charge per wagon (inclusive of all charges) at Rs. 1-12-0 per ton or part of a ton on the marked carrying capacity of a wagon used or any higher or lower carrying capacity, as may be notified.

Apart from the argument of 'expediency' which aims at obtaining from the traffic as much as possible, all these charges, seem to be vitiated in principle. The U.K. practice is that traders must do all on their part to place their traffic as near to the junction of their sidings, as possible, with the main line, and so manage their trucks that they could be removed without obstacles. In this event, the Railway must, according to the U.K. practice, receive and forward the freight at the mileage rates and free of any charge for terminal facilities. In the U.S.A. such charges are sometimes recognised for short hauls but not for long hauls, as over great distances the cost of service is so spread to make the cost per mile negligible. While it seems reasonable that for wagons being used on premises other than that of the Railway, the Railway may take some

compensation, the use of Railway sidings for shunting, unloading, etc., are incidental to carriage and cannot be separately charged for. Detention charges, similarly, are again admissible under the U.K.'s practice only where a company's wagons are proved to earn less on a private siding than on its own siding. The old Railway Rates Advisory Committee which functioned in India also held, on the basis of the statutory definition of a terminal station in the U.K., that terminal charges were not leviable on traffic from and to a siding, but the Government of India did not accept the view then. It is clear, however, that Railway sidings in the U.K. are considered part of terminal facilities. The shunting of wagons beyond the nearest point on the stabling line, at which the train could leave them, merely to clear the running line, is also so treated. Terminal charges, therefore, appear inadmissible.

Minimum distance charge and other charges are even less relevant. Under this procedure, an industry situated within 20 miles of its raw material, will pay for a minimum distance of 20 miles a minimum charge for wagon at Rs. 1-12-0 per ton on the carrying capacity of the wagon and a short distances charge of 6 pies per maund for distance of less than 75 miles. The last was rare in the old days! It is only for coal, there is no short distance charge. As the first leg of the telescopic scale provides for the higher operating costs in the leg on account of its differential in rating from subsequent legs, it is apparent that there is no justification for adding to charges levied on short distance traffic. In the same way, back haulage of empties is covered under the level of rates fixed for that class of traffic which will necessitate back haulage and should not be charged for separately. The U.K. law makes this point clear. Another attempt at squeezing traffic, is in doing the rounding off, of fractional weights. Originally, fractions of five seers were rounded off to five seers but now fractions of ten seers are rounded off to ten: that is, if the fractional weight is five seers or less, it is charged as for ten seers.

The quantum of these levies is also most unsatisfactory. Under the old rating system, terminal charges were fixed by each Railway and applied to class and schedule rates but not station-to-station rates. They varied from 1 pie to 16 pies per maund, on different Railways. Terminal charges now are at a standard level—that is, 8 pies per maund at each end where the Railway does both the loading and the unloading and 6 pies per maund at each end where the party does it himself. It is 8 annas per ton at each end, for general merchandise in wagon loads. It is not conceivable that terminal facilities are strained so disproportionately as between traffic in smalls and in wagon loads or as between wagon load traffic that moves at class rate and that which actually has a wagon load rate. The Railways themselves have admitted that coal and coke which move in bulk need not pay the standard terminal charges. Minerals and other raw materials or manures which move in the same bulk, however, do not get this consideration. A standard rate for all items falls flatly on all; and on many manufactures, this practice raised terminal charges suddenly by a fifty to a hundred per cent.



Complaints on the matter do not fall, however, within the jurisdiction of the Railway Rates Tribunal.

Transshipment charges vary from two to three pies per maund according to weight conditions under which goods are booked; are 5 annas per ton on coal and patent fuel and Rs. 4 per 4 wheeled wagon B. G. and Rs. 2 per M.G. wagon. This may be further clarified by stating that the 3 pies per maund charge applies to booking in smalls or those commodities to which a minimum weight condition applies and 2 pies per maund to goods in wagon loads. As transshipment is done on contract by Station Masters or contractors, at a uniform rate of so much per stated quantity, it does not seem fair to adopt this practice. At 2 pies per maund for goods in wagon the rate per ton will be Re. 0.4-6 but in practice, this is again rounded off to 5 annas.

The foregoing analysis makes it clear that terminal charges and other extras are relevant to a well conceived rates system where 'classes' and 'wagon load scales' are suitably determined. There should, therefore, be no question of having to recoup the loss in revenue from their abolition, as a well constructed rates structure will draw increasing traffic and more than meet expenditure—particularly when our whole economy is expanding. In any case, the idea of using these levies to bring 'revenue', is to be deprecated.

Q: 6. An indication of how the distance unit for charge could be revised, has been given earlier, in detailing the 'legs' prescribed under the carrier practices prevalent in the U.S.A. and in discussing the advisability of having traffic beyond 1,500 miles to bear its proper load of operating expenses. Fixing the new unit, will be a matter for expert judgment and assessment, but it is likely to result in mitigating to some extent the burden of the present heavy charges on short distance traffic. A point for consideration here, however, is that rates must grow over time and are not legislated for suddenly. For all the disadvantages prevalent in our structure, the rate frame until 1-10-48, was a product of some kind of evolution, directed though it was in many ways, and to ends, not always desirable. The problem of changing the distance unit now will be to ensure that it introduces no violent change to a structure to which trade had grown accustomed, until 1-10-48. Products of engineering or metallurgical industries which have to move over vast distances in the country and raw materials which such industries obtain from far ends, will be benefitted by this move, and some of the disadvantages which arose from up-grading the 'class' for commodities and raising the level of class rates themselves in 1948, may be reduced. It is still a matter for careful handling and should not result in charges, of discrimination. For example, different distance units for charge in the same telescopic rate for long and short distance haul, could lead to this situation.

Q: 7. It has been mentioned earlier, that the minimum distance charge is indefensible in view of the newly introduced telescopic basis of the rates structure which already provides for the fact that cost of operation diminishes with increase in distance, progressively. The short distance charge,

under such a set up, is merely a surcharge and must have had its justification in the idea that industries and trades were doing well and could pay something more to supplementing the resources of the Railways. This is not an admissible criterion for rate fixing, as we show later. It is even more objectionable that the minimum distance for charge is 20 miles over each Railway as stated in Rule 85(1) of the IRCA's Good Tariff No. 29 and not a minimum overall distance charge for 20 miles. By raising the minimum distance from 10 miles to 20 miles, the Railways did secure at least a doubling of receipts from this head and nothing should be done by way of raising it further.

Q: 8. This question has already been dealt with in part, while answering Q: No. 5. It may, however, be emphasised a little further. Let us assume that liquid commodities were consigned, loaded, in ordinary goods wagons. The Railways would not charge, then, anything extra for haulage of empty wagons, even if the wagons do actually come from a distance. The reason is, in the classification of commodities generally and in affording special wagon load facilities, the nature of the commodity and the transportation conditions relating to them are fully taken into account and the particular commodity is placed in a class which is suitable to it, having regard to these factors, the nature of its packing, its handling conditions etc. Tank wagons, like hopper wagons, are intended to give particular facilities to the traffic concerned having regard to the rate it pays and its own characteristics. Such wagons must be given freely. It is clear, from all these, that a separate empty haulage charge is not correct and it should be abolished on all railways.

Q: 9. The question of relativity between class rates and wagon load rates has already been discussed in answering the third question in the questionnaire. It is not, therefore, recapitulated here. There is, however, one part of this question which needs to be discussed afresh and that is the proper relationship for rates among different class rates themselves and different wagon load rates. Persons, corporations and localities are interested not only in the rates they pay but which others pay. While in the U.S.A. it is not required that rates should be proportional among themselves, the element of proportion is an important one. Rate relations are more important to the manufacturer and the trader than the level of rates itself. Their fair relationship is measured by intelligently comparing the commodity's transportation characteristics and conditions of transportation with those of other commodities. Shipping conditions, meaning the physical characteristics of the commodity and the shipper's financial interests; carrier conditions which imply the carrier's nature of service and its financial needs; and collateral conditions which cover factors of market competition, competition between different rail roads or rail roads and other agencies, all fall under the broad terms transportation characteristics and conditions. With this background expert sense is able to determine the appropriate relationship between different rates.

A practical example of how this relativity is enforced in the U.K. may be mentioned. 'Splint Coal' and 'Cannel Coal', the Railway and Canal Traffic Commissioners of the



U.K. held, had enough in common of gas producing quality to be sufficiently competitive and therefore, their carriage at unequal rates was unreasonable and constituted an undue prejudice. Some instances of where this factor is violated in our rate schedules, are given in answers to Q: 9 & 10.

This principle has certain corollaries, inevitably. A Railway should not, in the eyes of the Railway and Canal Traffic Commissioners of the U.K., be allowed to lower rates on one commodity, merely to develop traffic from a particular area, if it becomes disproportionate to their charge on the same commodity to other areas or in itself results in competition to substitute commodities, having competing characteristics. Special rates of any kind to one or more individuals, are based on the lessening of the cost of service to the Railways and should not result in upsetting the inter-relationship in rates as affecting different parties and trades in a given economic set up. In other words, the facts that custom, other than the commodity under consideration, is also given to the Railways by the same party or that he had been giving a custom for long, are not factors to enable special rates being quoted. We cannot stress too strongly therefore that as between the 'level of rates' and 'rate relations', the latter is even more important than the former, to industry and trade.

Q: 10. Classification, in the U. S. A., and the U. K. is based on the simple rule that articles different in value, density and other transportation characteristics, be not placed in the same class. Some idea of what constitutes transportation characteristics and transportation conditions, is necessary here. Shipping conditions, carrier conditions, and collateral conditions, which are amplified in replies to the next question are comprehended in the term 'transportation characteristics and conditions'. The physical characteristics of the commodity and the shipper's financial interests fall under the first condition; nature of the carrier's service and its financial needs in the second; collateral conditions, such as market competition among different carrier agencies in the third. These in turn determine the value of the service. The value of the service will vary to the rail road, the user, and the public and what is meant here is the net value to all these. Thus, transportation characteristics and transportation conditions are fundamental to the classification of commodities. It is generally held that higher rates are paid on a high priced commodity than on one priced lower, if both have similar transportation characteristics.

Similarly consideration being given to 'public policy' that is, the advisability of carrying certain commodities at low rates, in the public interest; the economic conditions surrounding production and sale of a commodity; the relative cost to shippers of transporting a competing commodity.

Among economic and commercial conditions are present day value of an item, the margin of profit realised, market competition from different origin stations or among different commodities at the same station, carrier competition. Again, value of the service to the shipper may be affected by the prospect of despatching raw materials to a marketing centre for manufacture there. Thus what the traffic can bear, depends not only on value of an article but many other factors. It can be assessed in practical terms, only by classifying commodities according to their transportation characteristics and conditions.

Details of items to be taken into account in estimating the three conditions constituting transportation conditions and characteristics are also filled in by experience. Weight per cubic foot; value per pound packed, liability to loss, damage, waste, theft, in transit either to itself or others; these are falling under 'shipping conditions'. Carrier conditions will be the container used and average loading expense and care involved in handling; fair relation of rating between articles; competition between articles used for similar purposes. Commercial conditions and units of sale; trade conditions, value of service, volume of movement—that is, as car loads or not; these will be collateral conditions.

From these considerations follow results in practical application. Important basic commodities, essential to the life of the commodity, as products of mines, forests, agriculture, edibles, fertilisers, are carried low. The value of a commodity, while being an essential item to fix its class, it is not considered as a main controlling item by the Inter-State Commerce Commission. Risks of loss or damage in transit warrant higher rates for items as tomatoes, clothes, bricks, flax stand etc., than for others of comparable price. Similarly, the rate for a commodity with a high 'weight density' that is, high weight per unit of measure as the cubic foot, may be relatively lower than for one with low weight density. The volume of movement is similarly given consideration and while rates do not promise to ensure profitability to industry or trade, their disadvantages in carrying products, are to be attended to. It is again on the basis of transportation characteristics and transportation conditions that a raw material is not necessarily required to be placed lower than its manufactured product, while as a matter of fact, the finished product is always found able to bear a higher freight rate than its raw material.

This principle, therefore, of classifying goods is not to be objected to and is fundamental to classification. However, it has not been observed uniformly or scrupulously, either in the general classification of goods in our country or in introducing wagon load scales, as will be seen from some anomalies listed below:


<i>Name of Commodity.</i>	<i>Class Rate.</i>	<i>Remarks.</i>
1 (a) Paints	Class IX RR or Class VIII OR.	Both these have the same flash point and the price of varnish is higher but paints are, nevertheless, in a higher class.
(b) Varnish Paints and Varnish.		
2 (a) Spirit, Wine Cordials.	Class IX and Class X.	The item under 'c' is used by the pharmaceutical industry and has similar characteristics as (a) and (b) but is classified higher.
(b) Ale and Beer	Class IV and Class VI.	
(c) Rectified Spirit and Absolute Alcohol.	Class XV RR	
3 (a) Colours and Dyes	Class VII.	Item (a) costs three times as much as item (b) but is classed lower.
(b) Casein	Class X.	
4 (a) Food grains	Class I	Before 1.10.48, salt was also in Class I as a consumption article. A special Committee did recommend salt being moved in the same class as foodgrains. The major consumption of salt in India is domestic consumption. The differentiation between salt N. O. C. at Class II and refined salt and table salt at Class VII and XII respectively is not supported by their price differential. Hence, they should be given the same rate as foodgrains. This will bring down cost also to the chemical industry for salt. It is used also as a raw material by the Chemical Industry. Introduction of special rates can be of help to the alkali and allied industries who consume salt regularly and in great quantities. The Salt Expert Committee appointed by the Government, did recognise that freight for salt was an important item of the cost of salt.
(b) Salt	Class II RR/WL I; VII RR; XII RR	
5 Glass Carboys	When returned empty, they are in Class IV RR but when despatched fresh, they are in Class VI RR.	The distinction has no basis absolutely from the stand point of transportation conditions etc.
6 (a) Fibrous materials for paper making pressed.	Class III RR	Space occupied by the former item is less, being compressed.
(b) Raw Materials for paper making	Class I RR	
7 Bamboo		The Eastern Railway charges on the basis of floor area of a wagon but the Northern and the Central Railways on the basis of a minimum weight of 300 maunds.

<i>Name of Commodity.</i>	<i>Class Rate.</i>	<i>Remarks.</i>
8 (i) (a) Ingots of copper and Ingots of brass.	Class IV	Price in both the cases, is of the same order as also other transportation conditions; if at all aluminium is usually lower prices.
(b) Ingots of Aluminium	Class VIII	
(ii) (a) Copper Ware and Brass Ware	Class IX	There is not much disparity in value and low weight density alone cannot warrant a difference of four classes in classification.
(b) Aluminium Ware	Class XIII	
(iii) (a) Copper & Brass Scrap.	Class III	This distinction is apparently most unjustifiable. Scraps of all types must come under class III as their transportation conditions are identical. Adjustments, merely on basis of small differentials in price, will make the tariff unwieldy and be an abuse of transportation characteristics, which are adjudged in the total. Moreover, aluminium scrap is normally lower priced than brass and copper scrap cum metal scrap is now classed in Class XII, which should also be in Class III for the same reasons.
(b) Aluminium Scrap.	Class VII	
(iv) (a) Brass & Copper Sheets, Strips including extruded sections	Class V	These are also anomalies on the same ground. The low weight density for aluminium extrusions cannot make for a difference of six classes, particularly alongside other advantages to the carrier. Further, aluminium sheets and circles, which take more space are themselves in a lower class than extrusions.
(b) Aluminium Sheets	Class VIII	
(c) Aluminium extruded sections	Class XI	
(v) Antimony Ingot	Class XII	Ingots of all other metals non-ferrous are in Class IV. Antimony ingot is perhaps placed in Class XII owing to antimony sulphide being in Class XII but the latter is a chemical and is priced higher whereas antimony is used in the non-ferrous alloying industries. Antimony ore has no separate classification either unlike bauxite which is in Class I. Some of the other items, included in Class XII, are educative. Cigarettes, cinema and theatrical equipments, combs, confectionery, cutlery, hair-oil, refrigerator, stationery, typewriters, motor cycles-these are all in Class XII and it is difficult to find how their transportation characteristics are with antimony or among themselves. Bicycles and aluminium foil, both are classed, similarly under Class XIII. While copper and brass wares are under Class IX, so are whisky, spirits, wine, cordials, glass ware, Division B.

<i>Name of Commodity.</i>	<i>Class Rate.</i>	<i>Remarks.</i>
(vi) Alumina	Class IV RR with no W. L. rate.	Pig iron, a similar processed mineral ore is in Class I RR and has a wagon load scale rate. A special rate giving a reduction of 36 per cent. of Class IV rate is given for this movement. This is proposed to be increased now. Even at the present special rate, the rate is 30 per cent. higher than for pig iron. Alumina hydrate is in the same class as alumina, though its value is only 50 per cent. of that of alumina.

In regard to non-ferrous metals, it is interesting to compare the aspect of pilferage or damage in transit, in respect of some of these items to similar factors relevant to other commodities. Bangles and duplicating machines are respectively in Classes VIII and VI whereas aluminium ingots, sheets, circles, etc., are under Class III and brass and cop-

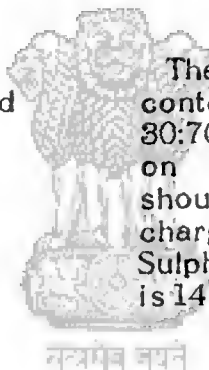
per sheet, strips etc. under Class V. The risk in carriage for bangles and duplicating machines is much more than for aluminium ingots, sheets, and circles while between the aluminium items on the one hand and the copper and the brass items on the other, the risk element is the same.

<i>Name of Commodity.</i>	<i>Class Rate.</i>	<i>Remarks.</i>
(vii) White Metals	Class XII	This is irrespective of the grade and price of white metals. The value of white metals depends on their tin content and charging white metal with 6 per cent. tin content the same as that of 90 per cent. tin content does not seem correct as price differs by a wide margin.
(viii) Gun Metal	Class IV	 <p>These should, appropriately, be all under Class IV, from the stand point of transportation characteristics.</p>
Bronzes	Class VIII	
Printing Metal	Class VIII	
(ix) ACSR & Aluminium Cables.	Indexed to Electrical appliances & Fittings Division B, charged 11 RR or 9 OR	Similar items of Copper are only in the class, and are thus charged lower.
9 Linoleum	Class X.	Jute Matting, which is also floor cover is in Class VIII.
10 Staple Fibre	8 RR as full pressed but 12 RR as half pressed.	Full pressed means pressed to 30 lbs. per cubic foot. It is wrong to treat this fibre in the same category as cotton. Staple fibre cannot also be hydraulically pressed beyond 20/25 lbs. at full pressing. 'Full pressed' and half pressed as defined, do not thus cover the characteristics of some important commodities which move in pressed form.
11 Ground Nut Oil and ground nut shells.	Class III	Hydrogenated ground nut oil is, however, in Class VIII which is more than what price differential alone will justify.

Name of Commodity.	Class Rate.	Remarks.
12 Electrical appliances and fittings A, B, C, D	A: 18 RR or 11 OR B: 11 RR or 9 OR C: 7 RR or 5 OR and 6 RR or 4 OR D: 8 RR —	Under Division A are battery, containers, electrical bulbs, electrical lamps, torches, electrical fans, electrodes carbon, electro-metal welding and hooks. Under Division B, similarly, some of the items are regulators along with cheap accessories as <i>ceiling roses</i> <i>insulators, cleats and tubes, link clips, strap clips</i> etc. There is a lower classification for Earth Ware N. O. C. at 7 RR/8 OR which could be applied perhaps to the items shown in italics. Copper weld wire, wire fuse, wire thinned copper for building, resistance strips, wire are at 11 RR or 9 OR but copper strips and hard drawn copper wire are at 7 RR or 5 OR indexed to Division 'C' and copper wire N. O. C. at 9 RR/8 OR. Under electrical appliances, Division C, at 7 RR/5 OR are distribution pillars of iron and steel while poles of iron and steel, Division B. Under Division 'D' 8 OR are wooden battens, blocks, casing and capping while boxes, cases, casks, tea chests, with or without fittings, are at 2 RR.
13 Motor Car Parts		Increase in freight here has been much higher than in other commodities, particularly on passenger cars compared to pre-war figures. Since then, the carrying capacity of a wagon carrying a motor car is placed at 80 maunds against 50 maunds originally. The Tariff Commission recommended a rate of 50 p. c. of the existing rate for the carriage of cars from places of production to their markets. The freight revision has raised the cost of a car by about Rs. 200.
14 Caustic Soda	Class IV RR.	In solid form, this has a W/L/B rate but, not in liquid form. A wagon load rate is needed for this also, because extra cost is incurred by manufacturers in solidifying caustic soda and packing in drums and by consumers in liquifying the same. The same class rate is pitched too high.
15 Petroleum Coke.	1 RR	Coal, coke and patent fuel, also in the class and having same transportation characteristics, has W. L. rates. Bauxite, gets a W. L. rate for only 79 miles of movement. Petroleum coke has nearly the same weight per cubic foot, the same value as coke or steam coal with small differentials, the same qualities in chemical analysis as coal. Liability to damage in transit and care needed in handling are all the same.
16 Calcium Carbide	Class IX RR.	Calcium Silicide which is more dangerous than this is also at Class IX. Further Potassium and Sodium Bichromate which has two to three times the price of calcium carbide are in the same class. This has no wagon load rate either,



Name of Commodity.	Class Rate.	Remarks.
17 Wood Pulp	At 1 RR, as raw material for manufacture of paper and at 2 RR under 'Pulp and Pulp Sheets'	Fibrous materials for paper making pressed, III RR have a WLC/OR rate or WL/CR/RR rate subject to a weight condition of 270/300 maunds. Wood pulp at 2 RR, has no W. L. rate. The absence of W. L. rate is important. Unlike iron and steel or jute, it has no station-to-station rate either. Paper mills use large quantities of pressed wood pulp sheet which have the character of fibrous materials pressed and they must therefore be able to have a W. L. rate for wood pulp as for the latter.
18 (i) Bicarbonate of soda; Borax, Caustic soda; Silicate of soda; soda crystals; sulphate of soda.	Class IV. RR	Items under (i) and (ii) have a WL/B rate whereas items under chemical manures of various kinds falling under 3 RR have a WL/BR rate which is lower. The issue is if items which are substitutable in use and about the same in price, should not have identical facilities.
(ii) Hides, fleshings scrapings.	Class I RR	
19 Liquid chlorine and Hydrochloric acid.	Class XIII OR Class IV RR and Class XV RR respectively.	The containers have a weight ratio to the contents, of 10:9 in the first case and of 30:70 in the second and freight is charged on gross weight. Hence classification should either be lower or railways should charge only on nett weight of material. Sulphuric acid, which is a substitutable item, is 14 RR/12 OR.



Q: 12. This has been answered already under Q: 5. The levy of a minimum charge, for a wagon as already stated there, is unjustified. Moreover, the present flat rate of Rs. 1-12-0 per ton, for consignments in wagon loads will fall heavily on light articles, as the wagon does not carry such articles, often to its marked carrying capacity.

Q: 13. Minimum charges being fixed separately to the tariff have been opposed earlier. If, however, the minimum charge mentioned here were to be retained, it may be administratively inconvenient to vary it according to commodities, the intention of it being to secure for the Railway a minimum revenue irrespective of the commodity's transportation characteristics or conditions. Once classification is done appropriately, all 'minimum charges' levied extra should be dispensed with.

Q: 14 & 15. These are two different types of service, as well recognised. The user of the carrier's service must have the option to use whichever he wants. In fact, this idea is well recognised in the United States. In the U.K. rating which involved annihilation of the user's choice even of other forms of transport was not upheld. A scale of charges, which was intended to annihilate the shorter haul of sea-borne coal, was held by the Railways to constitute undue preference.

Moreover, under present law, there is already a surcharge of 6½ per cent. for smalls up to 20 maunds.

The fixing of a uniform class, for all commodities, upto a certain maximum weight, would again be an attempt at eliminating certain classes of traffic from movement over the Railway. The injury of it will be disproportionate on the many commodities in the Tariff Schedule and is for these reasons, against what is broadly termed 'public policy'. Along inherent advantages of the Railway over other forms of transport are the choice it offers in respect of quantity which could be handled, the quality of goods which could be carried, the speed in carriage, safety in carriage, responsibility for carriage etc. Such inherent advantages will be dispensed with by the expedient now visualised.

Q: 16. 'Better utilization of transportation capacity' has many aspects to it. This is discussed at length in a later part of the reply, while answering Q: 31, 34 and 39. In regard to the questions raised here, it has been stated earlier that there should be more wagon-load rates that all items that move in wagon-loads should have a wagon-load rate with further concession to primary raw materials consigned to industries. These rates will be fixed on correct assessment of the transportation character-

istics of a commodity, including its ability to load a stated weight. Weight conditions attached to wagon-loads, must, in other words, be arrived at, having careful regard to the quantity that different items of traffic could load in a wagon and the extent to which they could load, 'pressed.' Minimum weights, now fixed, vary from 120 maunds to 240 maunds, fixed arbitrarily. In some cases, where lower-than-class rate has been quoted as a special rate, the loading has been fixed still higher. In many cases,

wagons are short-loaded: that is, since the carrying capacity assessed is 240 maunds, there is no attempt at loading more. In others, materials do not load to the indicated capacity. Because more than one trader cannot combine together for a wagon, there is also wastage. If suitable wagon-load rates were to be quoted for commodities, there will be more utilization of wagons. Let us say, straw boards were to be quoted a wagon-load rate: WL/F with a weight condition of 450 maunds. The position may be:

Miles covered.	At class 2 per maund.	On 240 maunds.	WL/F Rate.	On 450 maunds.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
100	0 4 11	76 0 0	0 3 7	100 0 0
300	0 14 9	221 0 0	0 10 9	302 0 0
400	1 2 10	282 0 0	0 13 5	377 0 0
600	1 11 0	395 0 0	1 2 9	527 0 0
800	2 1 0	500 0 0	1 6 3	625 0 0

The position is illustrative of the manner in which a judicious quotation of wagon-load rates can increase the nett revenue of Railways and at the same time result in conservation of wagon space. In regard to commodities, for which presently wagon-load rates apply, it may be noted that increasing present weight conditions do not seem practicable. In some instances, where loading is stated to be less than the marked carrying capacity, of a wagon or the minimum weight condition prescribed, the 'weight conditions' may have to be lowered. However, introduction of new wagon-load rates should give the Railways more revenue. The question raised under sub-section 'd' here is closely tied to this. At an early stage of this reply, we indicated the desirability of granting "rebates" to those who loaded more than either the marked carrying capacity of a wagon or the fixed weight condition and allowing two or more people to combine together for offering a wagon-load. It may be held that once classification for ordinary tariff rates and for wagon-load rate should be suitably fixed, this will not be necessary. But the fact is that however carefully this may be done, there will still be traffic calling for exceptions. Apart from this, variations in packages may make for difference and it will not be proper to inflict on every user of the carrier's service uniform packing conditions, always. He must have the option to use the packing most suitable to him, within limits of reasonable utilisation of space and taking adequate care for safety in carriage of his own commodity and of other's. Further, it is well known that Railways are not able to carry all the traffic that is offered now and total quantity of goods forthcoming for carriage will expand, with progress of our plans. While increase in wagon capacity, engine capacity, line capacity, may all take place, this increase cannot be infinite and often it may be found necessary, in the national interest, to devote such expansion to areas relatively less developed now than others, with an eye to building up their industrial potential, in the years to come. All these mean, that we should try to load as

much in a wagon as possible, and one of the methods of doing it is to introduce more wagon load rates; allow rebates on loading beyond the prescribed weight condition, or the marked carrying capacity; and enable more than one consignor to join together for availing of the wagon load rate.

Sub-section 2 of this question raises a suggestion which is controversial and has already been dealt with, in discussing the "rate per mile" under the different legs and the inter-relation of class rates and wagon load rates, under question No. 3. Since the present class rates are themselves unduly high, having regard to the rates the trade had been accustomed to and having regard also to the wagon load rates, which the Railways have found it possible to maintain, even on a limited scale, making the class rates effective for wagon load despatches will totally dispense with that element of evolution, which is necessary in fixing rates, further. An overall sudden increase in rates, has not been upheld by rating practices of any country. Rates, voluntarily established by a carrier, are in themselves proof that higher rates for comparable service are unjustifiable. The Railway Rates Advisory Committee did also appreciate this position in our country, for it held that "to enhance a long standing rate without any justification and expect traders to wait for some time and thereafter to seek relief by producing their profit and loss accounts to show that the enhancement has worked to their detriment is a proposition to which we can hardly assent."

Q: 17. The principles governing introduction of wagon load rates and station-to-station rates have been discussed in an earlier context. On the same grounds, consideration for train load traffic seems logical. It has, however, been pointed out that merely by reason of a certain shipper offering higher load to a carrier than another, the former's traffic will not get consideration. The differential advantage of rates, in such cases, is to be based on the nett saving in cost to the Railway. If this could be fixed

appropriately, the introduction of train load rates seems correct.

Q: 18. Introduction of express goods trains service, appears on first sight, to be a suggestion which may result in reducing the seriousness of wagon shortage. Wagons, it is presumed, will be cleared more quickly. Even to-day, express goods trains are run by Railways to avoid bottlenecks at important junctions and marshalling yards and do not involve any extra charge. Ultimately, this is a question of the line capacity available, the marshalling yard facilities, the personnel available to run trains, the extent to which there is demand for such service and so on. Introduction of such facilities, however, should not result in a position where movement of goods by ordinary goods trains comes to be neglected, because, this can create in the final result more bottlenecks than the express trains may seek to avoid. The Committee stress, therefore, that in deciding on this issue, the feasibility of the service from the operational side will be the main issue to be considered. For instance, it is conceivable between points A and B, there is need for an express service from A to B but not from B to A in which case, nett turn-over of goods may suffer. Certain goods, by being carried quickly, may make for wagon shortage at the station of origin for other goods because the wagons so utilised do not return to the base in the same time. The problem of fixing rates for carriage of freight by express service will also be an intricate problem. It seems desirable that an overall speeding of goods train service is effected rather than having merely certain goods trains, run on a speedier basis. This issue may be approached from another point of view. Whether from the point of view of raw materials needed by industries or manufactured and semi-manufactured products needed by the trade and the ultimate consumers for distribution or direct consumption, economic activity is on the basis of a demand that is 'planned'. In other words, most orders are orders for replacement of stock, whether it be raw materials or manufactured products, and the occasions when these are needed to be carried urgently for use straightaway, thereafter, are fewer. If this be so, it appears that the need for express goods service as such will be really limited because goods carried at any point of time are normally for replacement of stock. It may also be noted that the longest distance to be traversed in our country being within 1500/2000 miles, express trains for carriage of goods may not be necessary. It would therefore be much more worthwhile, effecting an overall speeding up of service.

The Committee are not also in favour of additional charge on the express trains service. It may even result in upsetting the balance of natural advantages enjoyed by industries in an imperceptible and subtle manner. No extra charge, should therefore be imposed, on the running of express trains.

Q: 19. Under the existing I. R. C. A. Rules loading and unloading charges can be collected by the Railways only when cranes are not used. The charges are specified only for weights of 1 ton. The Railways, it is learnt, are collecting loading and unloading charges for lesser weights also. Further, it is understood that such charges are being

collected even when cranes are not utilised. It is felt that the Railways should either collect the loading charge or crane charge but not both.

In the case of wagon load consignments, it would be of benefit to the trade if crane charges are collected at a flat rate on the basis of the tonnage of goods handled by the crane and not as at present on the basis of per operation of the crane or on time basis. Such a practice is obtaining at the Calcutta Port Commissioners.

At present the Eastern Railways are charging at the rate of Re 1/- per hour or part of an hour per ton of the actual weight of consignment lifted subject to a minimum charge of Rs. 16/-. Previously, the charge used to be Rs. 4/- per operation per consignment upto 10 tons. The fixation of these rates is arbitrary. The general complaint is that such high charges have impaired the competitive capacity of the trade. It will be realised that there are many small consignments weighing a few cwts. taking a few minutes to load and unload which will not be able to bear the minimum charge of Rs. 16/-. The Enquiry Committee should, therefore, consider this aspect of the matter and recommend suitable reduction in the crane charges.

Q: 20. These are not answered by us, as being subjects on which information available is inadequate.

Q: 21. Discouraging certain traffic, either for short distance haul or long distance haul, whether it be by adjustment of rates or by total refusal to carry such traffic, is indefensible from the stand point of the 'consumer's choice', and considerations of public policy. The suggestion is founded on the facts of the present situation where Railways are not able to carry all the traffic that is forthcoming. To adopt the expedient now visualised would be tantamount to an admission that at any point of time, the total of goods which may be tendered for carriage will be very much in excess of the Railway system of a country. This is in contrast to the U. S. A. which is a country of equally vast distances and where the Railways compete for custom. Applying a ceiling of the character mentioned here may lead later to a situation where Railways find it necessary to raise rates further to meet costs, a rather vicious circle. After all, only traffic which is possible to be carried with given rolling stock, personnel and other operating facilities, will be carried in practice and the balance or the next excess of total traffic over this level, will go through other means of transport. This diversion to other means will always be governed by the needs of the user of carrier service. Nothing should therefore be done, which will inhibit this choice of the user. Railway service, moreover, has advantages over other methods of transport some of which have been discussed in an earlier section and the policy visualised here will deny the user of the service these advantages in varying degrees.

The view expressed here has the full support of the Inter-state Commerce Commission of the U. S. A. and carrier practices of the U. K. In the U. S. A., the Commission has held that a rail road cannot so adjust rates as to discourage movement of a low grade commodity it has undertaken to

carry, merely because it wants to devote its energy to a higher revenue yielding traffic. Similarly, it is the sense of American Carrier practice, that it would be unreasonable to deny reasonable rates over a route a shipper selects, just because over another route, there is a reasonable rate already in existence. In practice, specific weightage as between railway and motor rates which will indicate the preference of users and accurately balance such preference would be difficult. It would also be difficult to pitch rail rates in such a manner that motor rates or canal rates are upheld or *vice versa*. Service and not rates alone, will decide the preference of consumers and as such, they should have the option to send freight by the carrier they choose. Further, such differential rating has other aspects as well. In its own interest, to draw custom, the Railway can lower its rate and compete with other Railways or other carriers, so long as they do not discriminate against users, by it, but if it does so compete at one point, it should not decline to compete, at another where conditions are similar. These are facts arising from the character of Railways as supreme public utility concerns. The U.S.A.'s declaration of national transportation policy made by the Congress states "the national transportation policy is directed to the end of developing, co-ordinating, and preserving a national transportation system; adequate to meet the needs of the commerce of the U.S.A., of the postal services and the national defence." The intention thus is emphasised that railways should carry whatever traffic is offered by trade and industry. With our Second Plan in the offing, it is quite conceivable that the volume of short distance hauls further increase by the movement of machinery and raw materials between ports and industrial cen-

tres. Any suggestion that goods should not, in certain circumstances, move direct by rail but only to the extent river or sea transport cannot carry them, cannot be regarded as being of assistance to the Plan itself. We are not, therefore, in favour of such restriction. As a compromise, however, in the case of commodities whose supply is quite adequate in the country, some kind of zonal restriction as implied in the zonal division for despatches of salt, to within 500 miles of its origin may be tried but only so long as transport scarcity exists.

From the standpoint of the quantum of rates also, it does not seem proper to push up rates further. It has been stated, in the beginning of this reply, that both the level of rates and the classes of commodities are pitched high in the present rating of commodities and that short distance traffic is at a severe disadvantage. Under the telescopic system we have adopted, even if rates should be raised over any one part of the carriage of goods, it must have a cumulative effect in the total of freight charges paid in the nett.

Q: 22. In regard to comparison of freight rates on rail for short distances, with freight rates by road or rail and waterways, it is only possible to give certain known details. Rice, it is known, is being brought into Calcutta from Burdwan, by lorry at about 3 annas per maund while paddy, by rail, involves an expenditure on freight charges by rail of 4 annas per maund. Lower freight charges for paddy could, therefore, mean more paddy coming into Calcutta to feed the Mills whose turnover of rice would correspondingly increase. From Mithapur to Okha, a distance of seven miles, current charges incurred on rail and road are as under for a few commodities:

	By Rails (Per Ton)			By Road (Per Ton)		
		Rs.	a.	p.		
1. Soda Ash (In Smalls)	...	4	15	5		
do (In wagon loads)	...	3	15	6		
2. Sodium Bicarbonate (In Smalls)	...	5	1	8		
do (In wagon loads)	...	3	15	6		
3. Salt (wagon load)	...	3	13	3	1	10 0
4. Hydrochloric Acid	...	9	12	6		
5. Liquid Chlorine	...	6	12	11		
6. Bromides (Sodium and Potassium)	...	7	8	3		

The Railway Board, who were approached by one of the users of the Railways, to reduce the freight charges on these hauls to a concessional level, declined to do so. In the result, the party purchased its own diesel trucks recently and has put them into service. Another instance which readily occurs of commodities undergoing short haul regularly are "sand" from DOS to Karwandia and stone-chips from Karwandia to DOS. Per 600 maunds, these incur a Railway freight charge of Rs. 78-0-0 but by road, at Rs. 1-8-0 per mile, per truck, the charge is only Rs. 55/-, thus involving a difference of Rs. 23/-.

In the case of fibrous raw materials, moving from Shiupur to Calcutta or from different areas in Uttar Pradesh to Shiupur, also, the same differential in rating has been seen between river and rail transport. Regular road transport service between the sites of some of the important industries in the Calcutta and the Bihar industrial belt and this port, is also known to exist, for reasons of economy to the carrier and speedier delivery of goods.

Q: 23, 24 & 25. The idea of a freight pool has been implied in suggestions made from time to time by sections of industry and

trade but the question has to be viewed from a broad angle—that is, the interest of industry as a whole and the national economy as a whole and not merely from the point of view of particular interests. The assumption of a freight pool is that certain raw materials or manufactured articles are so essential to the life of the community and the national economy that they should be available in different parts of the country at very nearly the same price to the consumer as in any other part. Thus coal, iron and steel, kerosene, petrol, cement, chemical manures, salt, metallurgical products, are items which are widely in use as raw materials of industries or as direct consumption goods. It is held that by carrying them at a flat rate over any distance, consumers would be benefitted; that industries could be started in areas which have many natural advantages but which find the cost of freight for such essential raw materials, drawn from far away distances, heavy. It would appear, this proposal can thus assist also the dispersal of industries. It is on this basis that a demand has sometimes been made to carry coal and coke at a flat rate. It is held that factories situated far away from the Bihar and the Bengal coal fields pay such heavy freight charges on these items that the incidence of freight charges on the final price of the product to them works out heavily. Less industrialised areas, therefore, have, it seems, a great deal to gain from this proposal. However, this seems to be only the beginning of the question.

Industries are situated for certain natural advantages in some areas and if a unit which is situated far away from a particular raw material should find it worthwhile to come into existence still and operate, it is clear there are countervailing advantages for it in other directions. Further, if production of units situated at the most economic points for their raw material should not be sufficient to meet the country's demand, the price of the product will rise and new units for production will soon come into existence at points from where they could operate either as profitably as or at a lower level of profit than existing units. Where, however, the incidence of freight is so heavy on a new, contemplated unit that it may not find it worth-while to come into being and therefore, a monopoly of supply will be vested in one party, it will be in the public interest to quote certain rates that are concessional. From the stand point of the consumer, if essential articles incur disproportionate freight, it will be a matter where remedy shall have to come through an intelligent price policy to the manufactured product itself—that is, the article must be supplied to distribution points at prices, which include freight and are uniform.

If, therefore, the telescopic wagon load scale and the telescopic class scale are properly constructed, with an eye on the transportation characteristics of commodities and the importance of relativity in rates and there should be adequate number of wagon load rates and station-to-station rates, the distress to far away industries and consumers may be greatly avoided. Where terminal and other charges increase the burden of the user of Railway service, these should be dispensed with as well.

In judging on the proposal, now under consideration, the term 'market competition' has to be properly understood. From several cases recorded in the Railway and Canal Traffic Cases of the U. K., it is apparent that the view has gained force in that country that it is not the function of the railroads to equalise unequal commercial advantages of cities or equate costs of production of industries. Every locality competing for supply to a market is entitled to rates which are relatively reasonable and just, compared to rates from other localities. Discrimination by Railways, however, will not be proper, except when it could be proved that in its absence, monopoly privileges of supply will be conferred on supplier from a single area involving higher price to the consumer. This is because even a small difference in rates can affect the flow of trade and one's geographical advantages over another should not be ignored. Thus, let us say that a factory at point "A" has to pay very much higher freight charges than another at "B" on a certain raw material. If both should be put on par, it may so happen that the factory at "B" which may have certain other advantages, in themselves small, is placed in a superior competitive position alongside of the one at "A" and thus a grave injustice in trade results. Sir W. Ackworth in his 'Railways and the Trader' has recognized this point clearly. "A reduction in rate—particularly in the case of costly commodities", he says, "makes little impression in the retail selling price and hence on the consumption. But as between competing traders of localities, even small differences in prices will switch the order from one to the other". The Inter-State Commerce Commission of the U. S. A. has also recognized that equation of economic conditions as between two sources is not the purpose of railway rating. They have held that "to base rates solely on the trader's ability to pay is to base rates on costs of production which amounts to the regulation of industries and commerce by the Railways", and that "the commercial advantages and disadvantage resulting from the greater or less prudence with which traders locate their business should not be equalised by Railways."

It thus appears that a proper classification of commodities, and the introduction of sufficient wagon load rates and station-to-station rates are more important than the laying down of uniform freight for certain commodities.

The creation of a freight pool has also some bearing on the utilisation of available wagon space. Let us take, as example, salt. From 1-9-49, there is a zonal distribution for salt, in force. Assuming, for a while, there is not this zonal system and salt could move on a uniform flat rate, there will be rush for marketing the commodity in all far away markets as there is considerable overproduction, in this commodity and manufacturers will naturally be anxious of competing among themselves in markets all over the country. Apart from the wasteful nature of such activity, it will result in a demand for wagons for the movement of salt which would strain wagon capacity further. A freight rate structure which maintains the total differential for distance, on an intelligent basis, is a security against wasteful indent for wagons as this may imply.



The suggestion made in Q: No. 24, does not seem to be quite logical in the light of all that has been said so far. The assumption is that freight is paid by the cultivator. Calcutta being the only centre of consumption, the inference is that the longer the distance from which jute is drawn to Calcutta, the more the freight charges paid by the cultivators and hence the less his nett return. This admits one essential point and that is, that jute price is determined by supply of and demand for jute. If there should be over supply and price should fall, it is sure some growers of jute will go out of production immediately or later, as depending on their holding power. A flat freight rate for jute cannot make for any difference in the context. The supplier at the margin is always the first to respond to price changes and by equating freight over long distances, it is not known how more supplies would be called into being than now. In other words, what a proposal of this kind involves is not, to make jute production economic in certain areas where it is now is not, but to equalise profits of jute growers. In the light of these facts, we do not desire to offer any comment on the administrative machinery for the working of a freight pool.

Q: 30, 32, 33 & 37. These questions are taken up here, as having some link with questions raised in the preceding section. The advisability of station-to-station rates has been indicated earlier. It is a supplement to the proper classification of commodities and the introduction of greater number of wagon load rates, and is in accordance with the principle governing these. Rates policy must need to aim at not only catering to existing traffic but also potential traffic and, therefore, this facility has added justification. There may be points between which traffic may increase by such rates, because traffic which now moves in smalls from different stations on the same route may collect together at one point, to avail of a special station-to-station rate from there. It will thus help conservation of wagon space as well. The only restriction to be applied in respect of such rates must be that there should be certainty of a stated regularity of movement now or in a foreseeable future. New industries, which arise, can benefit from this move greatly at a period when they are getting set. We may recall the instances of alumina, bauxite, petroleum, coke, wood pulp, etc., which move between specific points and in regard to which, from the operating point of view, such station-to-station rate, is quite logical.

In regard to exported products, the advantage of making available to them freight advantages for haul to ports, will be, it is said, in lowering their cost of supply to the consumer and therefore in improving the competitive capacity of the exported product in world markets. Price in world markets depends on the interplay of other factors and the extent to which lower freight rate within the country, can improve our competitive power, remains indefinite and nebulous. In the national interest, however, it is essential that exporters get the maximum staying power in world markets and therefore the carriage to ports of goods, at rates which are the lowest possible to be quoted for that class of traffic would be advantageous. These rates, will be quoted,

not because they are, 'export items' but because they move to the ports at a regularity and volume, which entitle them to such consideration. In the old days, Railways charged relatively higher rates on raw materials which moved to sites of industries within the country, compared to those charged on materials which were exported and their plea was there was an exportable surplus of such materials in the country and therefore, special consideration was necessary to exporters and to increase Railways' earnings. In the present context, with the first stress on industrialisation, every care should be taken to see that local industries who use Railway service are at no disadvantage compared to the exporter. This will be ensured by proper classification of commodities, and other steps visualised as also the disallowing of exports of material from our country, which are needed by local manufacturing industries and of which supplies may be inadequate. Where such a situation of insufficiency may not arise, it will be of advantage to give these movements to ports, the maximum concession possible for that class of commodity and traffic.

In the United States, import-export rates apply for haul within the United States, of traffic received from or consigned to foreign countries. There is nothing inherent in foreign traffic which entitles it, as such to rates (for haul within the U.S.) that are lower than those applied on domestic traffic. As a general practice, however, import-export rates are lower than the corresponding domestic flat rates. This is due to the fact import-export rates are generally influenced by circumstances and conditions which are not present in the case of domestic flat rates.

This issue is related also to another about the same in nature, raised under questions 32 and 33—the admissibility of assistance to particular industries or interests and the distinction between established industries and those that are newly planned. It is admitted by the U.K. practice that the condition of a particular industry, as a whole, and of the trade in general is a legitimate matter for concern to the Railways, though the profitability or otherwise of individual traders or units as such is not. The Railway and Canal Traffic Commissioners of the U.K. and the Appellate Court have held that in going into this matter, the Railways cannot demand discovery of the profit and loss accounts of traders. However, the Court also held, that certain natural advantages of a locality set-off rates, which disregarded the distance factor. The Inter-state Commerce Commission of America shares the idea that equation of economic conditions as between two sources is not the purpose of railway rating. Similarly, no consideration is given in the U.K. to a consignor just because he offers also other loads or uses other lines, than those under reference. Public interest, however, can result in the extension of concessional rates to a local industry in England—the expression, 'the public' in the Railway and Canal Traffic Act of 1889, meaning any considerable portion of the population, not being the parties or their servants,—that is, the inhabitants of any given district dependant for its prosperity on any given industry or trade. On the reason explained here, the extension of concessional

rates within the ambit of classes and wagon-loads determined with reference to the characteristics of commodities involved, will be reasonable.

Distinction between old and new units of an industry, for purpose of rating, is also indefensible. It is basically, a question of relativity of rates, which has been examined before. If certain rates are long standing, it is to reason to conclude that interests have developed under it. Relativity of rates thus established is the basis on which investments by industries and trades have taken place. If Railways do not work for the maintenance of this relativity but introduce specially lower rates for units of an industry or a trade, it is introducing against the older units a new element of competition extraneous to the native factors of the market. This is condoned only on grounds of public policy. Group rates in the U.K. which mean rates applicable to a number of places grouped together, are maintained on this principle but where the grouping seemed excessive—that is, where the advantages were felt to be all in one direction and they injured substantially, certain interests, the Railway and Canal Traffic Commissioners of the U.K. did not uphold it. Thus, to assist a new unit in any industry by discriminatory rating for its products or raw materials as compared to similar items of the older units in the industry, does not seem to be correct. From the standpoint of practical convenience, resort to such a policy can involve complications, with several new industries likely to arise in the near future. However, a new industry as such, which tries to establish in the country, as different from new units and old units in the same industry should have the advantages of concessions as we have suggested in respect of aluminium alloys extruded sections. Such assistance is implied in an appropriate rating for the item.

Q: 26, 35, 41 & 54. Furthering economic and industrial development of the country: securing adequate revenue to meet increasing operating costs; the advisability of varying export rates to suit fluctuations in export markets; considerations behind a basically correct freight structure policy, these are the issues covered by the questions under consideration.

It is perhaps worthwhile dealing with the last issue first. There is no formula, as is well known, for testing the reasonableness of rates but certain tests have been applied over time—the “don’t’s” and the “do’s”. From these, one must deduce, what may be regarded as a reasonable freight rate structure. To start with, let us survey things which the rail roads should not do. It has been generally recognised that the rates should not fetch excessive revenue. This is recognition of the importance of the transportation system to economic activity as a whole, so that, efficiency and sufficiency of transport will keep that activity at the highest possible pitch. Production, distribution, consumption and exchange must suffer frictional set backs, if the transportation system of a country is either inadequate or is too costly and beyond the means of many agents in the economy. What may, therefore, be foregone by keeping rates at the bare level of minimum returns to investment is more than made up by the fillip given to economic activity all

over. Arising from this first principle that railway rates must be sufficient to permit of the continuity of efficient operations and the maintenance of the Railway system, are certain subsidiary conclusions. As among different items of traffic, there must not be undue burden on one and less, on the other. In other words, rates must be properly related to one another. Such relativity, it is admitted, is not capable of mathematical calculation but is arrived at by taking into account attendant factors. Without such relativity, rates may give rise to complaints of discrimination. It is not also sufficient to prove, in support of the reasonableness of certain rates, that they admit of freedom of movement of traffic. On account of boom conditions, scarcity of transport or because at later stages of an activity, loss incurred on transportation at a prior stage is made up, even unreasonable rates do draw traffic. Where competition in interest is proved by a user of the Railway service, it would make out that the relativity factor in rating has been violated. Similarly, without adequate reason, the same principle should bar a Railway from subverting certain longstanding rates. Except for continued depression in industries or trades, which would warrant a review of this freight rates structure, sudden revisions of longstanding rates, cannot be justified, as discussed once before. This point is closely tied to the question 41, which is under examination. One of the arguments raised by Indian Railways in revising rates has been the increase in the wholesale price of commodities generally in the country in response to factors within or outside India, alongside of which, they emphasised, Railway rates had remained stable. Even the Railway Rates Advisory Committee had agreed with the idea that rates had ‘never risen and fallen directly with commodity prices.’ In fact, without recognition of this principle, grave uncertainties can be introduced into daily manufacturing and trading operations. Adjustment of rates to changing price trends will reduce the public carrier to the level of any other trading activity and recognise the idea that the carrier should realise the maximum return for the monies it invests. This, in itself, has nothing objectionable but it will have its reactions, on trades and industries generally, who have grown accustomed to a certain structure of costs and relativity as between different items of costs. Stable rates are thus, more important to trade and industry than adjusting rates. It is, not, however, to deny the need for flexibility in rates. ‘Flexibility’ means the ability of rates, in a fixed structure, to respond to legitimate requirements of new industries or industries of an area on grounds that the “basis” of rates applied to them is unfair. This will ensure response to differences in economic and competitive conditions of industries, without making rates vary frequently with price trends. Rates should further be so fixed that the cheaper kinds of traffic do not have to contribute to payment of interest in construction costs. This is the principle which makes precious metals being placed in a very high class and cheap raw materials in a low class. The rates should not either give rise to complaints of discrimination. Apart from these, the ‘don’t’s’ include, that the rail road should not discourage movement of a low grade commodity to carry a

higher revenue yielding one ; that it should not deny a shipper, reasonable rate over a certain route he selects, purely, because there is another route on which a reasonable rate already exists.

These are not necessary to be discussed in detail, because at one stage or other of our replies, these have already been gone into at some length. The "do's" in rating, may yet require some more examination. Among these, is the importance of classifying commodities according to their transportation characteristics and conditions, which we have pointed out in answers to questions 9 and 10. This factor gives adequate consideration to the physical characteristics of a commodity, the interest of the carrier and user, factors as market competition as affecting the interests of both. On considerations of public policy, they allow certain exceptions within limit to the principle of relativity ; that is why, on manure, for example, the rate is lowered more than warranted by mere physical characteristics. What the traffic can bear or the value of a commodity, is thus fixed, by placing it in an appropriate class and an appropriate wagon-load and also laying down the conditions under which special station-to-station rates could be extended. Merely higher price for an article, may not, by this criterion, fix it automatically in a higher class than a commodity priced a little lower.

Among the positive factors to be taken into account, for fixing rates, is again the distance factor, which too has been discussed at length. While rates must decline progressively with increase in distance, the present heavy burden on short-distance hauls is not justifiable nor the almost free carriage of goods beyond 1,500 miles. With proper revision of the 'legs of the haul' and 'per mile' rate, in each leg, these defects must rectify. The advantage of the telescopic system of rates will be fully extended to industries and trades, which, with adequate wagon-load rates and special station-to-station rates, should be able to move the goods they want to carry by rail and simultaneously conserve, wagon space.

The cost of operation, of the Railways, however, strange it may seem should not be taken as the sole and only consideration in the fixation of rates—that is, to determine the limit of minimum total earnings, taking certain operating efficiency for granted. This principle is discussed at length in a subsequent section in answer to Q: 31, 34, 36 and 39. The extent of the railway's total earnings, however, will primarily depend on the classification of commodities according to their transportation characteristics—that is, the nature of the commodity, the distance it moves to find a market etc. Reasonable rates should mean, rates which are reasonable to, not only the carrier but the shipper and the general public as well.

In India, the idea of keeping rates at a level just sufficient to provide for economic and efficient transportation service and no more, ensuring only reasonable profits to the Railways, has been thought of for long but not always, implemented. As early as 1866, the Government Director of Indian Railways, writing to the Secretary of State, said, "The great aim should be to

provide sufficient rolling stock and then impose such rates as would bring the stock into constant use, avoiding both an under supply and an over supply of wagons". In sufficient loading and consequent unnecessary mileage run were responsible for high rates and seeing that traffic now has increased a great deal, any proposal to load rates further is not to be supported. This is gone into, in detail, in the next section. The principles of rating must thus be to ensure that no more than necessary revenue is taken from the total traffic carried as a whole; that as among different items of traffic, the rates are properly related; the rates, established over time, are not suddenly thrown overboard, without adequate reason ; that competition in interest as among trade is not violated ; that rates remain stable over time ; that cheaper kinds of traffic do not have to bear any interest on capital costs ; that while avoiding discrimination as among units of an industry or as among localities, the structure has sufficient flexibility to adjust, within its own frame work, to the demands of growing industries or trades ; that items are classified according to their transportation characteristics and adequate wagon load scales and station-to-station rates are available ; that the distance factor is given proper evaluation in fixing the 'rate per mile' and the 'legs' in the total haul ; that the cost of operation, to the Railway, remains a factor in rate fixing merely for checking up if the total net income of Railways is sufficient to meet such costs, inclusive of normal replacements of 'stocks' and a nominal return on the invested capital. A rate structure, fixed from these points of view, must need satisfy the legitimate demands of all economic activity in the country.

Q: 31, 34, 36, & 39. An indication has already been given that the economics of transportation and the needs of Railway finance shall not be taken as the sole and only considerations in fixing rates. Q: 31, on the contrary suggests, that these will be the prime considerations and seeks to know, if other considerations than these, should also be taken into account in rate fixing.

On the first sight, it might seem that differences in operating conditions can make for differences in rating. For instance, where inward loads are heavier unto a point and at the point, back loads are available, Railways would be justified in quoting lower rates. Character of the territory traversed, operating difficulties, severe gradients curves, climatic conditions as snowfall, rains, fogs, winds, washouts, are things which, under this principle, would warrant putting up rates over such territory. The cost of service, includes, the constant part of the operations as a whole and out of pocket expenses on the particular traffic. Revenue derived from traffic must cover a part of the former and the whole of latter. Having thus stated, the cost of operations or the cost of service principle, the difficulty starts. How could increases in cost, from time to time, be adjusted to rates, without creating difficulties for the users? Apart from it is the impossibility of assigning the cost of carriage, over the system, appropriately to different traffic. The onus must, in the event of adopting this basis for rating, be on the Railways to prove there is no

wastage in operations. To the Inter-State Commerce Commission of the U.S.A. evidence of difficult operating conditions, not accompanied by evidence of cost incurred, has no value. They have held that the financial needs of rail roads must be measured with reference to the entire line and merely showing that the carrier's financial condition is unfavourable would be no warrant to raising the rates at all. Cost study, in expert assessment, becomes practically worthless for purposes of rate fixing, for these reasons. It is so full of estimates and assumptions that even if it purported to show the cost of transporting class rate traffic, which it does not, it would be unsafe to fix the prescription of class rates or class relations upon it. Translating this cost of service idea into practice, has further difficulties. Small reliefs in costs or risks to the Railways, may result in demands for relief, which will be difficult to grant. The cost of service, in other words, is difficult to assess actually because it proceeds on the assumption the cost of handling added traffic is about a certain percentage as great as the cost of handling other traffic. In other words, it means the cost to be allotted to additional traffic, is the additional cost of operations without such traffic. This is not even roughly ascertainable and therefore, in the U.S.A. costs do not fix the contours of rates, fix relations between rates or relations between rate scales. Stress on cost of service, further, is appropriate only under conditions of carrier competition where depressed rates may be in vogue but this is not the situation in our country, where the State Railways have the monopoly of carrying rail traffic. Carrier competition, market competition including conditions under which a shipper can supply a substitute commodity at a lesser cost than his competitor; ability of shippers to do their own transportation; the need to maintain proper rate-relations—these have led to the maintenance in the U.S.A. of 'depressed rates'. Other collateral conditions as the need for developing a new industry, the need to aid movement to far off points, the need to avoid loss to the Railway from possible disappearance of a traffic on account of change in manufacturing processes of industries—these have also made for depressed rates. It is probably correct to say that the bulk of the rail traffic, from both tonnage and a revenue point of view, is now transported at depressed rates in the U.S.A.

It requires also to be emphasised that in deciding on operating costs, the value of the service to the rail road itself is a consideration. It is measured by nett income to the railroad and other benefits as development of new traffic, full utilisation by it of facilities it has to offer including situations where raw material may be carried cheap to get advantage of carriage back of manufactured products etc.

The cost of operations principle, thus appears of doubtful utility in the fixing of rates for different commodities or the level of different class rates and its only value is, under conditions of efficient working of Railways, to indicate that the total revenue from Railways' operation is either in balance or is inadequate or excessive. This, by itself, has not the over-riding importance the question purports to give it.

In the light of these, it is not possible for us to say that certain commodities are carried at rates below their cost of transport or what these commodities are.

This question may also be looked at, from the practical point of railway operations. Actual gross revenue of the Railways in the last three or four years was higher in 1951/52 at Rs. 290.82 crores; working expenses then were Rs. 224.04 crores and goods revenue Rs. 153.32 crores. Goods revenue in 1954/55 was Rs. 156.00 crores—not much of an increase, but gross revenue at Rs. 282.80 crores was less than in 1951/52. Expenses were Rs. 232.95 crores, which were higher than 1951/52. The period, therefore, of the First Five Year Plan which saw increased activity all around, did not enable the Railways to draw more revenue from goods traffic despite the rail rates having been put up. Before deciding to raise rates, therefore, one has to be satisfied that railway operations in their present nature, are efficient and do draw all the traffic that is available and for which there is haulage capacity. According to the British Railway Act of 1921, the Railway is entitled to "standard revenue", "only if its working and management are efficient and economical", a standard by which the rates have to be tested.

As regards the volume of traffic also, the volume which originated in 1951-1952 was 98 million tons against 99.4 million tons in 1953-1954. The average of wagon miles per wagon day in 1951/52 was 40.9 in the B.G. and 32.4 on the M.G. and in 1954/55, these averages, respectively were 40.6 and 27.8. It may also be pointed out that the average load of 244 miles turn round of wagons is still on the average of 10 to 11 days as against the pre-war, nine. Net ton miles per wagon day were 463 on the B.G. and 198 on the M.G. in 1951/52 as against 449 and 198 respectively in 1954/55. These figures should bear out, that there has not been any marked improvement in transportation ability and that wagon turn over, has not improved appreciably. Perhaps, if the standard wagons used in 1949/1950 had been used, there may have been a 20/30 per cent increase of traffic. A wagon is stated to be on the move only for roughly four hours a day, which is indeed a low average for wagon-haul. The speed of goods trains, declined simultaneously, from 10.7 miles per hour in 1951/52 on the B.G. to 10.1 in 1952/53 and 10.2 in 1953/54. On the M.G., these figures were 9.22; 9.14; 8.93 for the three-years.

As a matter of record, it may also be mentioned, that the loading of wagons had been appreciably more in the past. In 1946-1947, the average load on run varied from 14.4 to 16.6 tons per wagon on the B.G.; this was 17.5 in 1952/53; 17.7 in 1953/1954; 17.8 in 1954/55. In 1951/1952, however, it had reached 18.2.

Efficiency of railway operations may be seen also from the standpoint of engine miles per day. This was 78 in 1951/1952 on the B.G.; 80 in 1952/53; 83 in 1953/1954 and 84 in 1954/1955. There was no change on the metre gauge. The shunting per 100 train miles was 40.8 in 1947/1948 and 1953/1954 on the B.G. and 41.7 and 48.2 respectively on the M.G. Shunting miles, it is said,



formed a greater portion than before, of unproductive mileage.

Transshipment points at Mokamehghat, Agra, Sabarmati, etc., it is said, hold up movements. Congestion is known to occur at waltair although yard facilities at waltair are said to be adequate to handle the increased inflow and out-flow of traffic. These indicate, that operational efficiency is not all that is desirable or attainable, and as such, varying our rates merely to suit them to increased operating expenses, would not be justifiable. Apart from improving operational efficiency, a careful job-analysis can alone determine if available staff is properly utilised - a matter of importance in view of assessments that efficiency of workshop staff has declined by 33 to 40 per cent from 1945/46 level and of the power running staff, by 15 to 37 per cent. The Commercial Department of the Railways, by resort to better salesmanship, research, advertising, public relations, could also attract more traffic: a point stressed by successive Committees as the Pope Committee, the Wedgewood Committee and more recently, by the Kunzru Committee. The last emphasised that Railways should not only retain traffic but find a market for their disposable surplus of transportation.

The proposal to charge on inflated mileage basis, certain traffic, so as to be able to finance constructional projects, is unjustified even in the light of what has been stated. If railway rates are merely to bring in reasonable revenues to maintain the service and give a nominal return on invested capital, then the question of financing further extensions of the service from current revenues, cannot arise. Whatever be the needs of development, amounts, apart from the quota which could be met from current earnings at reasonable freight rates and under efficient conditions of transportation, must come from other sources. It is not desirable to seek to finance new projects by inflated mileage rates. The idea of new lines is that they are being opened to develop traffic that is potential: that is, that immediately and until the area should develop, the line may not pay its way. To impose higher burdens on the traffic which may be forthcoming at the moment, will be against the objective of drawing further custom to the Railways in future years, by developing traffic. This is why, it was stated in a previous context, rates must be relevant not only to existing traffic but potential traffic and that operating costs are assessed over the line or system as a whole, and not over parts. We do not for these reasons, favour the proposal contained in Q: 34. The question raised under Q: 36, however, involves principles of accounting. At present, under the Financial Convention for separation of Railway Finance from General Finance, the items met from revenues by Railways are (a) ordinary working expenses (b) depreciation reserve fund (c) dividend to general revenues (d) development fund (e) revenue reserve fund. Under the Convention, as revised and incorporated in the 1955/1956 Budget Estimates, the cost of quarters for class III staff charged hitherto to capital is to be borne by the Development Fund; expenditure on amenities for railway users, previously met from capital or revenue accounts, is also hereafter to be

from the Development Fund. The important consideration must be that current revenues are not made to foot the burden of big development schemes, which normally depend for their execution on borrowings and reserves.

Q: 27, 28 & 29. These have been answered, with specific cases as within our knowledge, in replies given to Q: 1, 2, 3, 4, 5, 9, 10, 11 and at suitable places, in other parts of the reply. No further comments, are called for.

Q: 38. It has been stated, in discussing the concept of a reasonable freight policy, that railway rates should not vary with the market price of commodities—whether they be raw materials or finished goods—and they should be stable over long periods. If this is be found correct, it is clear that fixing of commodity prices in certain cases by Government, has no disadvantage whatever to the Railways. Control of commodity prices and the fixing of ceilings for such, at Governmental directive, are resorted to only in times of a general scarcity of goods. Apart from the idea that even if these prices rose, according to demand and supply conditions in the short period or the medium period, Railways should not try to tap a certain part of such price increase to themselves by putting up freight-rates, is another aspect which needs to be appreciated. The idea of price fixation being to protect the community against mere profiteering, the maintenance of stable rates, when prices rise, becomes an automatic protection to it against price increases by Railways for their own services. Besides, in periods of rising prices, upward adjustment of Railway rates can, make for the trade becoming speculative. While the price of commodities is fixed by demand and supply of these, if freight rates should be understood as being liable to variations, with changes in price of commodities, that in itself may become a factor in making commodity price more unstable. The Committee do not, therefore, consider that the practice of price fixation by Government, which is a relatively rare happening in a normal economy, does affect the Railways' interests at all.

Q: 40. It has been assumed in this question that the cost of haulage of additional traffic will be the same as the average cost of haul at present incurred by the Railways. This is against both economic theory and practical experience. If there be economies in mass production, there are economies in fuller utilisation of rolling stock and line capacity—and unit costs not only over the additional traffic that is forthcoming but over the total volume of traffic handled, must come down. There cannot be too much emphasis on increased utilisation of available facilities, as in any country, there must be a limit to additional capital to be employed on the maintenance of existing lines. By standards of other countries, it needs to be ascertained, if Indian Railways are not adequately capitalised. The argument that operating expenses on new lines will be high, owing to insufficiency of traffic forthcoming at the start, cannot be valid as costs are to be judged not from the point of view of present costs alone but potential costs. If any cost assessment over the Railway system as a whole were practicable, it would be the estimated cost under conditions of nearly full utilisation of wagon capa-



city and line capacity. Increased appropriations to "development fund" or "general revenues" are again matters on which, in the context of earlier statements, there cannot be agreement from the standpoint of industries. In evaluating this question, it is permissible perhaps to view it also from a different standpoint. The present attempt at pushing up freight rates is on the idea that industries and trades could stand such rates, on account of prosperity. Let us assume conditions in a country where all industries and trades are State owned. Transport will be regarded as an item which must cost the least to the user and developments of transport facilities will be regarded as a general charge on the investible resources of the country. The fact that a certain sector of our economy is private, should not make for any difference to this principle, because transport is still to be regarded as nearly a non-profit making operation, as is practicable, under stated conditions.

With more scientific classification of goods than obtains at present; the introduction of more wagon load rates as also rebates and other concessions; a re-fixing of the "unit distance" for charging freight and a more progressive decline in rates over present first and second legs of the traffic and with attempts at having better economy in operations we do not visualise any grave danger to the financial stability of the Railways. Among the high rated traffic that is listed, there is none that moves at wagon load rates at present. Most of the traffic, in both the low rated and high rated categories, moves between sidings or between a siding and a station and therefore improvements to goods shed facilities etc., are not likely to be used extensively, by the low rated traffic at all. Some of the increased expenditure on development schemes, will be shared also by the coaching traffic, which will share the same permanent way and other facilities. If movements by coastal shipping also improve, strain on the Railways will diminish not necessarily from compulsory division of traffic by the sea route but from voluntary choice of the shippers.

Q: 42. The volume of goods carried over the Railways increased, according to statistics of the Railway Board, from 122,299·6 hundred tons to 131,434·7, as between the years 1946-47 and 1953-54. The types and nomenclature of commodities, have been practically the same over this period. In regard to the pattern of movement, the average miles a ton of goods was carried, taking all goods including coal into account was 218 in 1946-47 but 224 in 1953-54 but in the previous year it was 219—not a significant increase. In the case of some major commodities, these figures show decline in the average haul: for coal, for instance, the average haul came down from 291 to 246; for oil seeds from 245 in 1948-49 to 226 in 1953-54; and so on. The average rate in pies charged for carrying a ton of goods, one mile, was 7·3 in 1946/47 but 11·3 in 1953/54. In 1938-39, this was 5·84. Gross revenue, however, had increased from Rs. 107·2 crores to Rs. 274·3 crores in this period and working expenses from Rs. 71·2 crores to Rs. 231·5 crores. Goods are now said to be moving by the shortest route, except when there are congestions, but even now, there are

exceptions as when traffic moves from stations on the Eastern Railway to Shalimar on the South Eastern Railway, not *Via* Howrah, but by a circuitous route *Via* Asansol. In regard to further details of the direction of movement, that is details of the consigning station and the receiving station the Railways themselves should be able to give proper figures.

## PART II.

Q: 1. The Committee believe the Railways are in the best position to give the information required under this question.

Q: 2. (a) Figures of the extent to which the trade resorts to insurance of goods under rail transit are not available, let alone such insurance being in addition to or as an alternative to booking by Railway Risk.

The Committee would, however, make a rough computation as follows: "Marine Insurance" policies are issued by insurance companies both in respect of goods carried by sea as also goods carried by rail or road. Though the rates of premium (under marine policies) for different types of goods vary between one anna to eight annas per cent. and sometimes even five to ten rupees per cent, it may be assumed for purposes of rough computation that six annas per cent. represents an average rate. During the last five years, the annual gross premium written direct in India by both Indian and non-Indian insurers under marine policies has been of the order of five to six crores of rupees, the actual figures being: 1951 = Rs. 5.91 crores; 1952 = Rs. 5.52 crores; 1953 = Rs. 4.90 crores; 1954 = Rs. 5.1 crores. Of this a greater proportion—as much as three-fourths—may be taken as representing premium in respect of goods carried by sea. Out of the balance of one-fourth, an allowance has to be made for goods carried by road. So, not more than 20% of the marine premiums will represent carriage of goods by rail. This means an annual rail transit insurance premium income of about one crore of rupees. Six annas per cent. having been assumed as the average rate of premium, the aggregate value of insured goods carried by rail will not exceed Rs. 300 crores. That is to say, not more than Rs. 300 crores worth of goods carried by rail are covered by private insurance: the actual figure will probably be less.

The reasons for resorting to private insurance are mainly as follows: (i) under private insurance, claims are settled by the Insurance Companies quite expeditiously, in a matter of a few days. The claims settlement experience over the railways has been very unsatisfactory. It takes several months, and sometimes even a year or two before the claim is settled by the railway. (ii) in private insurance, the number of cases in which claims are repudiated by insurance companies are negligible: the insured has therefore the confidence that by insuring his goods with insurance companies he is certain to receive adequate compensation in the event of the risk insured against occurring. The experience with the railways however has been that almost the first step that the railway does in respect of any claim is to repudiate the claim, sometimes even on technical pleas. (iii) the procedure followed by the railways in dealing with claims is

lacking in simplicity, is dominated by red tape and so to say 'uncommercial'. By private insurance all these complications are saved to the insured. The commercial methods followed by insurance companies are familiar to the insured, who naturally prefers to resort to private insurance.

(b). Insurance companies generally cover the following types of risks :

- (i) Risk of fire during transit ;
- (ii) Damage due to derailment and/or accident to wagons ;
- (iii) Theft, 'pilferage, and non-delivery ;
- (iv) Water damage ;
- (v) Breakage.

The rate of premium for Item (i) above is about two annas per cent on the value of the consignment. Additional premium rates are charged for risks under items (ii), (iii), (iv) and (v) above, according to the nature of the goods and of the packing. For example, the rate for theft, pilferage and non-delivery for piece-goods is one anna to two annas per cent. Similarly for water damage to piece-goods in bales, the additional premium would be one anna to two annas per cent. In case of cargo carried in bags the rate varies from six annas to twelve annas per cent. For breakable goods such as glass the premium rate varies from five rupees per cent to ten rupees per cent.

(c). The information required is not available. The Committee would, however, like to say that since Independence the annual premium income (less re-insurances) from marine policies each year has been gradually increasing. The actual figures were :— 1949=Rs. 3.78 crores; 1950=Rs. 3.83 crores; 1951=Rs. 4.11 crores; 1952=Rs. 4.72 crores; 1953=Rs. 4.49 crores; and 1954=Rs. 4.89 crores. It may therefore be presumed that there has been a gradual shift in favour of private insurance.

Particulars of bookings at railway risk during the above years, and increases or decreases therein should be available from the railways.

Q: 3. As stated earlier, the data are not available.

Q: 4. There has been a marked increase in the payment of compensation claims by railways during the last fifteen years. During the quinquennium 1941 to 1945, the number of such claims was 3,35,000; during the quinquennium 1946 to 1950, the number was 6,73,000; for the four-year period 1951 to 1954 the number has been 7,28,000, so that for the quinquennium 1951 to 1955 it will probably be over 9,00,000. The amount paid by way of compensation has shown a steeper increase. For the first of the above quinquenniums the amount was more than Rs. 1½ crores; for the second quinquennium it was more than Rs. 10 crores; and for the third quinquennium it is likely to be of the order of Rs. 15 crores (the figure for the four-year period ending 1954 being Rs. 12½ crores).

Details of the commodities in respect of the claims are not available. The Railways are in the best position to supply the same.

Q: 5. The published reports of the Railway Board give information only in regard to claims paid on account of "goods lost", "goods stolen", "goods damaged by wet", "goods damaged by fire", "goods damaged by breakage" and "other causes". The data required under this question are therefore not available. The Railways are in the best position to supply the information.

Q: 6. The data required are not given by published reports of the Railway Board. The railways are in the best position to supply this information.

Q: 7 (a). If the trading public had derived any benefit from the new provisions introduced by the 1949 amendments, it would be reflected in one of two ways: (i) a lesser number of claims as a result of greater care by the railways; or (ii) an increased number of claims as a result of the increased responsibility thrown on the railways.

During the years 1950-51 to 1953-54, the total number of claims received by the railways were as follows:—

Year	No. of claims received during the year.
1950—51	346,600
1951—52	389,428
1952—53	352,672
1953—54	373,758

The total freight carried in each of the above years was as follows:—

Year	Freight carried in millions of tons.
1950—51	92.3
1951—52	97.9
1952—53	98.4
1953—54	99.4

From the above figures it would be appropriate to say that compared to the increased freight traffic the increase in the number of claims has not been proportionate, nor has there been any appreciable decline in the number of claims. This shows that the amendments made in 1949 have not been of any particular advantage to the trading public. Prior to the 1949 amendments the railways' liability arose in cases of misconduct. And the burden of proving such misconduct lay on the consignor—(A.I.R. 1929 Allahabad 124). Subsequent to the 1949 amendments, the railways' liability arose in cases of negligence on their part. According to the Courts, "Where the fault is not in the doing of any thing but in the failure

to do it; where it is a fault of omission, not of commission, it is negligence, but not misconduct"—(A.I.R. 1940 Nagpur 238). Therefore, what the 1949 amendments did in effect was to reduce the quantum of proof required from the trading public in cases of claims. Though this ought to have operated to the benefit of the trading public, it has failed to do so, which shows that merely shifting the burden of proof is not of much use. This is further borne out by the fact that during the years 1950-51 to 1953-54, though the number of claims has in each year been more than in the previous year, the amount of compensation paid has been steadily declining, as will be seen from the following:—

Year		Amount of compensation paid (in lakhs of rupees)
1950-51	...	333
1951-52	...	316
1952-53	...	314
1953-54	...	287

The 1949 amendments have not therefore operated to the disadvantage of the railways.

(b). In view of the finding under Q: 7(a) that the amendments have not operated to the disadvantage of the railways, this question needs no answer.

Q: 8. The Committee's view is that in respect of all commodities, whether moving in smalls or wagon loads there should be both an "Owner's Risk" rate and a "Railway Risk" rate, and the trader should have the option to avail of either. By resorting to private insurance, the trader is able to obtain a more expeditious and satisfactory settlement of claims: hence, the least that could be done is to leave the trader free to have his goods insured with insurance companies or to book his goods at "Railway Risk". Further, the railway risk rates should be kept at the present level. The railways shoulder only a limited responsibility even where the goods are booked at railway risk. And by booking the goods at owner's risk, this responsibility is further reduced. Therefore what is needed is to reduce the owner's risk rates to a lower level than now. A further principle that the Committee would like to state is that in respect of every commodity, the difference between the "owner's risk" rate and the "railway risk" rate should bear a fair relationship to the comparative transit risk involved. For this purpose, the 3,500 commodities mentioned in the "General Classification of Goods" in the IRCA Goods Tariff should be separately classified from the point of view of transit risk. An examination of the "railway risk rates" and the "owner's risk rates" in the said "General Classification of Goods" shows that for the entire range of 3,500 commodities there are only twenty variations for the purposes of the difference between the O.R. and the R.R. rates. It is hardly conceivable that the transit risk could only be of twenty kinds in respect of 3,500 commodities. While this scheme of twenty variations has no doubt the advantage of

simplicity, the Committee feel that it should be possible to have a wider classification for purposes of transit risk. For purposes of ready reference the twenty variations referred to above are given below:—

OR 1=RR 2	OR 9=RR 10
OR 2=RR 3	OR 9=RR 11
OR 2=RR 4	OR 10=RR 11
OR 3=RR 4	OR 10=RR 12
OR 3=RR 5	OR 11=RR 12
OR 4=RR 5	OR 11=RR 13
OR 4=RR 6	OR 12=RR 13
OR 5=RR 7	OR 12=RR 14
OR 8=RR 9	OR 13=RR 14
OR 8=RR 10	OR 14=RR 15

Q: 9. The Committee's answer under Question 8 covers this Question also. As stated there by the Committee, the difference between the "Owner's Risk" rate and the "Railway Risk" rate should bear a fair relationship to the transit risk in respect of each commodity.

Q: 10. The Committee's answer under Q: 8 covers this Question also. As stated there by the Committee, in respect of every commodity there should be both an "Owner's Risk" rate and a "Railway Risk" rate, and this should be available both for smalls as well as for wagon-loads.

Q: 11. In view of the committee's reply under Q: 10, this Question needs no separate answer.

Q: 12. In answering this question, it will be useful to state first what generally are the different kinds of risk that rail transport involves, and next what risks are covered when goods are booked at "railway risk" rates. And then we may proceed to examine the suggestion contained in this

question. Before doing so, the Committee would like to make the following observation of a preliminary nature. In their answer under Q: 8, the Committee have suggested that there should be an "Owner's Risk" rate and a "Railway Risk" rate in respect of every commodity and that the trader should have the option to avail of either rate. In case that suggestion is not acceptable, the suggestion contained in this question (i.e. that goods should be accepted at "railway risk" rate only, but that if a trader offers to relieve the railways of a portion of the risk he should be allowed a certain reduction in the rate) may be considered as an alternative.

To state first the different kinds of risk involved in rail transit, these are many and varied. A very common risk in rail transit is theft or pilferage of the goods. Another common occurrence is short delivery, and sometimes also non-delivery, and delayed delivery. Other risks are loss by mis-despatch, damage by wet, damage by improper stacking of the goods in the wagons, damage by derailment, rail collision, loose-shunting, rough-handling and the like, loss by fire, breakage during transit, and loss or damage or deterioration due to causes not coming under any of the above categories. The Committee would like to say here that almost all these risks, it is possible to cover by insuring the goods concerned, with insurance companies.

To turn next to the risks undertaken by the railways when goods are booked at "railway risk," it has first to be noted that the railways' responsibility in this matter is defined by the Railways Act. Section 72 of that Act provides that the responsibility of a railway administration as a carrier is only that of a bailee. This means that railway is bound to take only that much care of the goods as a man of ordinary prudence would take of his own goods under similar conditions — (A.I.R. 1944 Calcutta 50 = I.L.R. (1943) 1 Calcutta 397). Once the railway administration proves that they took as much care of the consignment as a man of ordinary prudence would have done in the circumstances of the case, their responsibility ceases. (A.I.R. 1929 Calcutta 510). The railway has to disclose to the consignor its dealing with the consignment throughout the transport, up to delivery. If from such disclosure no misconduct or negligence is inferable then the consignor has to prove that the railway's negligence or misconduct was the cause of the loss, damage, etc. In the net result, the element of risk undertaken by the railways is not of much practical utility to the consignor. If the consignor had insured his goods with an insurance company, all he has to show is that the goods were consigned to the railways, and were lost or damaged etc., and he receives settlement of the claim from the insurance company. He does not have to shoulder all the complicated onus of proof which he is saddled with before he could make a successful claim against the railways. Further by insuring with insurance companies, the consignor gets his claim settled without having to file a suit. Very rarely has it happened that the insured has had to sue the insurance company under a marine policy. On the other hand suits against the railway administration are a

matter of common occurrence, the number of such suits filed being of the order of 42,000 in 1950-51, 28,000 in 1951-52, 24,000 in 1952-53 and 33,000 in 1953-54.

The risks undertaken by the railways being very limited, the portion thereof that could be relieved against by voluntary offer of the trader could be little indeed. On the other hand seeing that our insurance companies have been rendering excellent service all these years under their marine policies, there does not appear to be any overwhelming reason why they should be prevented from continuing to render such service, which in effect would be the result of railways acting as insurers.

Q: 13. In the light of the Committee's view that there should be an "Owner's Risk" rate, and a "Railway Risk" rate for every commodity it is not considered necessary to answer this question.

Q: 14. It is not clear which are the conditions referred to in this question. If the reference in this question is to General Rules 22, 23 & 24, then the Committee would like to make the following observations:—

Rule 22 says that the forwarding note should contain *inter alia* a description of the goods in accordance with Section 58 of the Act. Section 58 specifies that the description should be such as may be sufficient to determine the rate which the railway administration is entitled to charge in respect of the goods. Sub-section (4) of Section 58 empowers the railway administration to detain and examine the goods in the event of a difference of opinion between the railway and the owner or consignee of the goods. And under sub-section (5) if as a result of the examination the goods are found to be "different from that stated in the account delivered under sub-section (1)", then the cost of the detention and examination; and also any consequential losses shall be borne by the owner or consignor. The Courts have held that "account" and "description" in Section 58 mean the same as "declaration"—(A.I.R. 1936 Patna 393). What the Committee would like to suggest is that it is not every case of "difference" that should come within the purview of sub-section (5) of Section 58. Only those cases where the difference is of a material nature should come under the sub-section. Otherwise, it may be found sometimes that the difference was such as to enable the administration to charge the next higher rate: but the consequential loss caused to the party by the detention may be much more severe; and the different description might not have been intentional.

Another suggestion that the Committee would like to make is that under General Rule 24, a mere misdescription should not attract the penal provision. Only where the misdescription has been intentional it should be penalised.

In this connection, the Committee would like to invite attention to a new procedure that is being followed recently over the South Eastern Railway in respect of submission of forwarding notes for wagon load consignments. Previously when wagons were indented, the name of the commodity and the weight thereof were alone showed in the concerned

forwarding note. And after wagons were allotted goods were weighed and sent for loading, and then the number of pieces covering the weight was entered in the forwarding note. According to the new procedure indentors are asked to weigh the goods, count the pieces and enter these particulars in the forwarding note, even before allotment of wagons is made. Sometimes the gap between the weighment date and the wagon loading date is a week or more, with the result that packages have to be taken out when weighing and counting, and then stacked back in the godown, and then brought out again for loading, thus involving double work. The new procedure is of no special benefit to the railways and is causing hardship and inconvenience to the trading public. The Committee suggest that the procedure relating to forwarding notes should be such as not to cause avoidable inconvenience to the trading public.

Q: 15 & 16. With a higher degree of industrialisation and improvement in techniques packing has now become a specialised department in most spheres of production. The Committee would therefore like to offer the general suggestion that as far as possible the packing conditions prescribed by railways should be in conformity with manufacturers' packings. Otherwise, if the manufacturers pack in one way, and the railways prescribe a different mode it makes it needlessly hard for the trader who is thereby put to additional expense. For instance, cotton piece-goods are packed by mills in accordance with the conditions prescribed by the Textile Commissioner. These are some what different from those of the railways. Instances have been cited to the Committee where the railways have refused to accept such consignments on the ground that they are not packed according to the requirements of the railways and the trader had to incur extra costs. As this has caused difficulty to the trading public, the Committee make the above suggestion. Further the packing conditions prescribed by the railways may be reviewed from time to time in consultation with manufacturing interests and the business community generally, so that the requirements are always in conformity with prevailing practices.

Q: 17. Due to lack of adequate storage facilities, congestion of traffic has frequently occurred at Howrah Station, resulting in closure of booking, diversion to other stations, and other similar measures. Similar difficulties are probably being experienced in other centres also. The Committee would therefore suggest that in important centres (like Calcutta) there should be a large expansion of the station yards. The Committee attach the greatest importance to such expansion, since the heavier industrialisation and increased production under the Second Five-Year Plan will give rise to a considerably increased volume of traffic.

As regards provision of warehousing facilities under private aegis, the Committee are informed that there is such a scheme in the Tea Industry, and also in regard to some agricultural produce. The Committee understand that details have been forwarded to the Freight Structure Enquiry Committee by the respective Industrial Associations. It is desirable that wherever possible the railways actively support such warehousing schemes.

Q: 18. (a) The question here is whether the responsibility of our railways in respect of goods entrusted to them for transit should be that of bailees, or something more or something less. Bailees are responsible to take only that much care of the goods as a man of ordinary prudence would do in the circumstances of the case (A.L.R. 1929 Calcutta 510). The responsibility of common carriers is greater: they are liable for all accidents or loss traceable to any cause other than act of God or King's enemies, and they are responsible for loss or damage to goods even without proof of negligence (I.L.R. 51 Calcutta 304 Privy Council). It is open to bailees to cut down their limited responsibility still further by agreements in writing, and that is what our railways are doing under their risk-notes. The Committee's suggestion is (as stated in the answer to Q: 19) that the law should declare that running train thefts and pilferages shall not absolve the Railway Administration from responsibility to compensate the owner for loss or damage. If there is adequate security forces in goods sheds and station yards, and if wagons are securely sealed, it would be difficult for thefts to occur without connivance of the railway staff. The Committee believe that the knowledge that "running train thefts" can be successfully pleaded as a defence, is itself partly responsible for laxity on the part of the Railway Administration in protecting the goods entrusted to them; and therefore the above suggestion.

(b) The Committee are not in favour of the railways acting as insurers, as already stated in the answer to Q: 12. If the railways are to act as insurers it means depriving our insurance companies of part of their business, and the Committee do not see any overwhelming reason for doing so.

Q: 19. Admittedly, theft and pilferages are major factors giving rise to claims. In a recent communication to the Chamber the Railway Administration have set out the measures taken by them to control theft and pilferages. The devices adopted are:

(a) extensive use of Ellis Patent of locking of wagons; (b) triple rivetting; (c) Railway Police escorts to protect vulnerable goods trains particularly in areas considered to be black spots; (d) Re-organised security force to ensure greater vigilance and security at stations; (e) vigilance squads and prevention inspectors on the line to carry out surprise checks for detection and enquiry about crimes or irregularities; (f) educative campaign to ensure proper packing, labelling and marking of consignments and to prevent rough handling of consignments. The Committee appreciate all these measures adopted by the Railway Administration. It is however hard to believe that railway staff are innocent of any complicity in thefts and pilferages. Under the present law, "running train thefts" and "pilferages in transit" constitute good defence for the railways to successfully resist claims against them. Possibly that itself offers encouragement to unscrupulous staff to indulge in such anti-social activities. Therefore the Committee feel that it would be useful, if in addition to the preventive measures already taken by the railways, steps are also taken to improve the quality of the staff. Another point that the Committee would like to make is that it is doubtful



whether "running train thefts" are in fact such a major factor as sought to be made out by the Railway Administration. In a majority of cases the Railway Administration has not been able to prove in the court that the loss was occasioned by "running train thefts" as alleged. This is evidenced by the

fact that a greater proportion of the suits have been settled out of Court by the railways.

The following Table shows for the last five years the number of suits filed against the railways in respect of claims and the number settled out of Court :—

Year	Number of suits filed in Court (including those pending from previous year).		Number of such suits settled out of Court.	
1949—50	...	69,751	...	25,897
1950—51	...	42,388	...	17,290
1951—52	...	27,952	...	9,758
1952—53	...	24,296	...	6,923
1953—54	...	32,648	...	10,159

One way to improve the situation would be for the law to declare that running train thefts and pilferages shall not absolve the railway administration from responsibility to compensate the owner or consignor of the goods concerned.

Q: 20. At the outset, the Committee would like to say that they are not in favour of the railways acting as insurers: that work is best left to our insurance companies, whose commercial methods, and expeditious settlement of claims are welcome to the trading public.

The responsibility now undertaken by the railways in respect of goods entrusted to them for carriage is very limited. If the railways are to become virtual insurers, the risks undertaken by them will be much more than now. That however does not necessarily mean that the railways' liability under claims will increase: for, the added responsibility thrown on the railways might *ipso facto* result in their taking greater care of the goods entrusted to them, thus leading to less claims for compensation.

As regards commodities in respect of which the incidence of running train thefts has been high, the Committee are informed that this comprises such items of general merchandise as razor blades, cigarettes, piece-goods, rubber tyres and tubes, boots and shoes, food-grains, and kerosene and other oils.

Q: 21. The Committee would like to make the following observations of a general nature :—

- (i) Section 77 of the Railways Act requires notice to be given to the railway administration for claims against the railway. Section 80 of the Civil Procedure Code requires consent of the Central Government before filing a suit against its servants. Oftentimes the railway administration have taken the plea that the notice under Section 77 of the Railways Act has not been properly given in as much as the provisions of Section 80 of the Civil Procedure Code have not been complied with. In this connection the Committee would invite attention to a judgment of Mr. Justice Lahiri of

the Calcutta High Court delivered on 4th July 1955, in the case of Union of India vs. Durgadutt Poddar and others, a copy whereof is enclosed (*Annexure I*) for ready reference. If technical grounds are to prevail it causes great hardship to the trading public. The Committee strongly feel that claims should not be repudiated by railways on technical grounds. Further, it is desirable to expressly provide that ordinary letters delivered to the Claims Office in the normal way will be treated as valid notices for the purpose of Section 77 of the Railways Act.

Another point that the Committee would like to mention here is that under Section 77 a claim has to be filed within six months from the date of booking of the goods. Before preferring the claim the consignor has to obtain a short certificate from the railways concerned, in cases of short deliveries. Generally, considerable delay occurs in the issue of such short certificates, with the result that parties are oftentimes unable to file the claim within the prescribed period of six months. It should, therefore, be permissible for parties to file their claims by ordinary letters without being accompanied by short certificates.

- (ii) In case of over charge by the railway administration it should not be necessary to give notice under Section 77. Instead of the six months' period required by that Section, it should be permissible for parties to file claims for refund within three years of the booking, under the general provisions of the Limitation Act.
- (iii) The law requires the railway administration to disclose to the consignor how the consignment was dealt with throughout the time it was in its possession. The railways, however, are not making the necessary disclosure in this regard to the parties concerned until actually a

suit is filed. The Committee consider it desirable that as soon as a claim is filed by the party, the railways should disclose to him as to how the consignment was dealt with: they should not defer giving this information till filing of a suit in respect of the claim.

country stations have declined to give open delivery. As this has caused much inconvenience to the parties, the Committee consider it desirable for a statutory provision setting out the circumstances under which a consignee will be entitled to demand open delivery.

- (iv) With a view to minimise court cases, it would be helpful if some such procedure as the following is adopted: within three months of receipt of claim the railways should inform parties whether the claim is accepted or repudiated. In case of repudiation or of substantial reduction in the amount claimed, the Claims Officer should state the grounds for the repudiation or reduction. If the claim involves enquiry from State Governments or other railways, then, if no reply is received from the State Government or other railway within six months, the claim should be settled without further delay. A maximum time limit should also be fixed for settlement and payment of claims: beyond that time limit the claimed amount should bear interest in favour of the claimant.
- (v) Under the present practice the railways are not liable for loss or damage to goods lying in the railway sheds, beyond reasonable time. The free time is normally counted as the reasonable time for this purpose. The Committee feel that this restriction should be removed. It is virtually impossible for claimants to prove that the loss occurred within the free time and not after the free time: the result is that railways are able to repudiate claims for loss or damage occurring in goods sheds, etc., on the ground of the claimants not being able to prove that the loss or damage occurred within the free time.
- (vi) The prevailing practice is to repudiate claims for damage caused by wet in cases where at the time of loading, the wagons were inspected and certified by the railway staff in respect of water tightness. Claims are repudiated where the wagons so certified were found to be leaky or defective at destination. The Committee feel that when a wagon is certified, its travel-worthiness should be for the whole journey and therefore the railways should not repudiate claims in such cases.
- (vii) When goods are sent by rail and received at destination stations in an outwardly damaged condition, notwithstanding the Railway Board's standing instructions to give open delivery in such cases, there have been several instances where up-
- (viii) It is also suggested that the Railways Act should provide for Railway Surveys as in many cases this obligation is not recognised by the railway administration. When open delivery is demanded, several Station authorities, especially in smaller places, ignore the Railway Board's directions in the matter and refuse to agree to survey, thereby extracting a clean discharge of the Railway Receipt for release of cargo.
- (ix) In case of total loss of consignment, settlement could be made without any delay, with a condition that the claimants agree to reimburse the railways in the event of the consignment being subsequently traced within a specified period, say one year.
- (x) De-centralisation of claims disposal work would, in the opinion of the Committee, expedite claims settlement. Station Masters could be vested with power to settle claims up to Rs. 100/-. At district or divisional level it should be permissible to settle claims up to Rs. 500/-. It would be desirable if the ceiling limit for settlement of claims pending concurrence of the Financial Adviser or the Chief Accounts Officer is increased up to Rs. 5,000/-.
- (xi) The Committee consider it desirable that an appellate authority to hear appeals in all railway claim cases (similarly as the Income-tax Appellate Tribunal) should be set up. This would help to bring about a more satisfactory settlement of claims.
- (xii) Claims Advisory Committees consisting of representatives of trade and industry could be attached to Claims Offices. The Committee feel that this would bring about a better understanding between the railways and the trading public.
- (xiii) Oftentimes claims are not met straightaway on the basis of the accepted loss: instead, the railway administration offers a lump sum payment by way of bargaining. The Committee feel that this practice should be stopped. It leads to corruption and resort to law courts.
- (xiv) Under the present procedure relating to dealing with claims, delay occurs at every stage. An all out drive to inculcate expeditious disposal of claims is called for.

## Annexure I. to replies to Question 21 of Part II

## CIVIL REVISIONAL JURISDICTION

Lahiri, J. 1955, 4. July.

Union of India,

Petitioner,

Vs.

Durgadutt Poddar &amp; Ors.

Opposite Parties.

(Civil Revision Case No. 3692 of 1954. Rule against the order dated the 1st July 1954, passed by B. C. Das Gupta, Judge, Small Causes Court, Asansol.)

The Judgment of the Court was as follows:—

LAHIRI, J.—This Rule has been issued at the instance of the Union of India representing the Eastern Railway and it is directed against a decree for a sum of Rs. 174-14-6 together with costs and interest passed by the Small Cause Court Judge, Asansol. The facts of the case which are not in dispute may be stated as follows:—The plaintiffs opposite parties were consignees of two consignments of handkerchiefs from Ahmedabad to Barakar under Railway Receipt No. 45622 and 45623 bearing the same date, viz., 12-9-51. The consignments arrived at Barakar and when the plaintiffs went to take delivery, they were granted short delivery receipts of 29 dozens of handkerchiefs in one consignment and 13 dozens in another consignment. The plaintiffs alleged that this shortage in both the consignments was due to gross and wilful neglect and misconduct on the part of the defendant Railway and that the consignments were found to be "tampered with and contents taken away" while the consignments were in the charge and custody of the defendant. The plaintiffs accordingly claimed to recover a sum of Rs. 174-14-6 as compensation for the price of the handkerchiefs which were not delivered to them. In the plaint the defendant was described as Union of India representing (1) The Eastern Railway, (2) The Western Railway, (3) The Northern Railway because in the course of transit the consignments had to be carried over all these Railways. The suit was contested only by the Eastern Railway and in paragraph 7 of their written statement, they raised the plea that no legal, valid and sufficient notice either under Section 77 of the Indian Railways Act or under Section 80 of the Code of Civil Procedure had been served on the defendant and for the non-service of statutory notices the suit was liable to be dismissed. It appears from the materials on the record that notice under Section 77 of the Railways Act was served only upon the Chief Commercial Manager of the Eastern Railway and no notice under the said section was served upon the other two Railways. The learned Small Cause Court Judge overruled the defence and decreed the plaintiff's claim against all the defendants holding that it was enough for the plaintiffs to cause only one copy of the notice under Section 77 of the Indian Railways Act to be served on the Union of India as one entity instead of three

such notices on Union of India representing the three Railways. Against that decree of the Small Cause Court Judge the defendant has obtained the present Rule. In the first place, it is to be observed that the learned Small Cause Court Judge was not right in holding that the three Railways constituted one entity under the law. The decision upon which he relied for this purpose, namely, the decision of this Court in the case of Dominion of India *vs.* Jagadish Prosad Pannalal (i) (A. I. R. (1949) Calcutta 622), does not really decide that point. In that case Harris, C. J., pointed out that a particular result would follow if it were held that the different Railways in India were owned by the Government of India alone and quite a different result would follow if the Railways be treated as different entities. His Lordship did not actually decide that as a matter of law the different Railways had lost their independent existence as a result of the acquisition by the Central Government of all the different Railways of India. As a matter of fact, such a conclusion is impossible, so long as Section 80 of the Indian Railways Act and Sec. 80 of the Code of Civil Procedure are on the Statute Book. Section 80 of the Indian Railways Act provides that a suit for compensation for loss, destruction or deterioration of goods may be brought either against the Railway Administration to which the goods were delivered by the consignor or against the Railway Administration on whose railway the loss, destruction or deterioration occurred. Section 80 of the Code of Civil Procedure provides that "no suit shall be instituted against the Government ... until the expiration of two months next after the notice in writing has been delivered or left at the office. .... (b) in the case of a suit against the Central Government where it relates to a Railway, the General Manager of that Railway". These two sections, in my opinion, definitely contemplate that for the purpose of a suit, the different Railways of India must be treated as separate legal entities and there is no warrant for the proposition that it is sufficient to serve one notice under Section 77 against the Union of India as representing all the Railways.

Mr. Bose appearing for the petitioner contended before me that the service of a

notice upon the Chief Commercial Manager of the Eastern Railway is not a sufficient compliance with the requirements of Section 77 of the Indian Railways Act and as such the suit instituted by the plaintiffs is liable to be dismissed. Section 77 of the Indian Railways Act provides that a person shall not be entitled to compensation for the loss, destruction or deterioration of goods delivered to be carried unless his claim to compensation has been preferred by him in writing to the Railway Administration within six months from the date of delivery of the goods for carriage. Section 3(6) of the Indian Railways Act defines a Railway Administration, in the case of a Railway administered by Government, as the Manager of the Railway. Section 140 of the Indian Railways Act provides that any notice or other document required or authorised by this Act to be served on a Railway Administration may be served in the case of a Railway administered by the Government on the Manager. The language of the Statute, therefore, leaves no room for doubt that a notice under Section 77 is required to be served on the Manager of the Railway in the case of Railways which are administered by the Government. But it has been held in some of the cases decided by this Court that a notice under Section 77 served upon the Chief Commercial Manager is sufficient compliance with the requirements of Section 77 of the Indian Railways Act. See the cases of *Samsul Huq vs. Secretary of State* (2) 11. L. R. 57 Cal. 1286 (Lort-Williams, J.); (*Sristidhar Mondal vs. Governor-General in Council*) (3) [49 C.W. N. 240 (Henderson, J.)]. These decisions were dissented from by Sen, J., in the case of *Surendra Nath Poddar vs. Governor-General of India in Council* (4) (Civil Revision Case No. 1353 of 1947, decided on the 25th November 1948, and reported in A. I. R. 1952 Calcutta 341). The decision of Sen, J., was approved and followed by Mookerjee and Guha, JJ., in the case of *Union of India vs. Indumati Saha*, (5) (55 C. W. N. 662). In this case it was pointed out that the notice contemplated by Section 77 has to be given upon the General Manager and not to any sectional or departmental Head, because the General Manager can override the decision of all sectional Managers in the matter of compromising suits or allowing any claim. The view that a notice under Section 77 of the Railways Act has to be served upon the Agent in the case of a company-managed railway and a notice upon the Traffic Manager is not sufficient for that purpose is also supported by a decision of another Division Bench of this Court in the case of *The Assam Bengal Rly. Co. Ltd. vs. Radhica Mohan Nath* (6) (28 C. W. N. 438).

The decisions of these two Division-Benches are binding upon me and I also agree with the reasons given by the learned Judges in those decisions and I prefer to follow them, more particularly because these decisions give effect to the unambiguous language of Sections 3(6) and 140 of the Indian Railways Act.

Mr. Ghose, appearing for the opposite parties, however, has placed strong reliance upon another Division Bench judgment of this Court in the case of *Union of India vs.*

*Messrs. Gujrat Tobacco Co.*, (7) (59 C.W.N. 278). In this case P. N. Mookerjee, J., with whom Guja Ray, J., concurred, has reviewed all the decisions on the point and has expressed his preference for the view taken by Henderson J., in the case of *Sristidhar Mondal vs. Governor-General in Council* (3) (49 C.W.N. 240), but he has not dissented from the view taken by the Division Bench in the case of *Union of India vs. Indumati Saha* (5) (55 C.W.N. 662). He has expressly said that he was not prepared to say without a fuller consideration that the earlier view (that is, the view taken by Henderson, J.) was in law totally unacceptable. In the end, however, his Lordship refused to interfere with the decree passed by the Court below on the ground that as substantial justice had been done, he was not inclined to interfere in revision with that decree. As I read this case, it is no authority for the proposition that the view taken by Mookerjee and Guha, JJ., in the case of *Union of India vs. Indumati Saha* (5) (55 C. W. N. 662) was wrong. In this state of authorities and upon a plain construction of the different Sections of the Indian Railways Act, I am inclined to hold that a notice of a claim under Section 77 of the Indian Railways Act served upon the Chief Commercial Manager is not a sufficient compliance with the section.

Mr. Ghose next contended that in this case no notice under Section 77 was necessary, because Section 77, according to him, does not apply to a case of short delivery of a consignment. Apart from authorities to the contrary, of which I may mention the case of *The Assam Bengal Railway Co., Ltd. vs. Radhica Mohan Nath* (6) (28 C.W.N. 438), I find that in paragraph 6 of the plaint the plaintiffs themselves were making a case that the consignments were tampered with and the contents taken away while they were in the charge and custody of the defendant-railways. This, in my opinion, means that according to the plaintiffs themselves, upon the case made in their plaint, there was a loss of a part of the consignment and if it is a case of loss it cannot be doubted that Section 77 is attracted. For these reasons I am of the opinion that the decree made by the learned Small Cause Court Judge is contrary to law and as such is liable to be set aside.

Mr. Bose appearing for the petitioner also raised a point that under Section 80 of the Indian Railways Act the plaintiffs were not entitled to a decree in the absence of a finding that the loss, destruction or deterioration took place while the consignments were in the custody of the Eastern Railway. The argument of Mr. Bose is this: Section 80 gives the plaintiff an option of suing either the contracting railway or the railway, which is responsible for the loss, destruction or deterioration of the consignments, and in the present case the plaintiffs did not choose to serve any notice under Section 77 against the Western Railway which was the contracting railway, but the plaintiffs took upon themselves the onus of proving that the loss, destruction or deterioration of the consignment took place on the Eastern Railway. In support of this proposition Mr. Bose relied upon the decision of the Nagpur High Court in the case of *Dominion of India vs. Firm Museram Kishunprasad* (8) (A.I.R. 1950 Nagpur 85). In this case Bose, C.J., in delivering the judgment of the Bench made the following observations:

"A plaintiff, who having his rights against the principal, (that is, to say, the railway administration with whom he enters into a contract), chooses, to omit that administration and sues the agent administration, undertakes a burden, which he is required to discharge strictly."

According to Mr. Bose, if the plaintiff chooses not to proceed against the contracting railway, he takes upon himself the onus of proving that the loss, destruction or deterioration took place in the Railway

which he chooses to sue. There is considerable force in this contention, but as it is not necessary for me to go into this question in this case, I refrain from giving my final opinion. The defendant succeeds on the first point raised by it.

This Rule is made Absolute. The decree made by the Small Cause Court Judge, Asansol, is set aside and the plaintiffs' suit dismissed.

In the circumstances of the case the parties will bear their own costs.

### PART III

Q: 1. (a, b & c) An examination of the functions of the Railway Rates Tribunal shows that some of its functions are of a judicial nature, while some of its other functions—and these are of greater importance to the business community—are, of a non-judicial nature. To amplify this point, the Tribunal's functions are stated below:—

(i) Under Section 41 (1) (a) of the Railways Act, read with Section 28 (old Section 42-A), the Tribunal is empowered to hear any complaint that a railway administration is giving or making undue or unreasonable preference or advantage to a particular person or particular description of traffic. The nature of the enquiry in this case is largely of a judicial character the complaint being one of discrimination.

(ii) Under the same provision, the Tribunal is also empowered to enquire into a complaint that the railway administration is subjecting a particular person or particular description of traffic to an undue or unreasonable prejudice or disadvantage. Here, the question that a particular description of traffic is being subjected to an unreasonable disadvantage is less of a judicial nature than the others. The enquiry in this case is therefore partly judicial and partly non-judicial.

(iii) Under Section 41 (1) (b), the Tribunal is empowered to hear complaints that a railway administration is charging unreasonable rates, or rates which are unreasonable by reason of some condition attached to them regarding weight, packing, etc. Here, the enquiry is not of a judicial nature: a fact-finding commission could adequately deal with such an enquiry.

(iv) Under Section 41 (1) (c), the Tribunal is to enquire into complaints that a railway is levying unreasonable charges, other than standardised terminal charges. Here also, the enquiry is not of a judicial nature: a fact-finding commission would be adequate.

(v) Under Section 41 (1) (d) the Tribunal has power to enquire whether a railway administration is unreasonably refusing to quote a new station-to-station rate. The Tribunal may also fix such a rate, under Section 41 (2). Here the enquiry is not wholly of a judicial nature: a freight commission working on less formal procedure could more effectively discharge this function.

(vi) Under Section 41 (1) (e) the Tribunal is empowered to hear complaints that a railway administration has unreasonably placed a commodity in a higher class. Here, the enquiry, at the most, is only of a partly judicial nature: it is mostly non-judicial.

(vii) Lastly, under Section 42 (1), the Tribunal has power to re-classify a commodity in a higher class, at the instance of the Central Government. This function could be discharged effectively by a non-judicial body.

From the above analysis it would appear, that the functions stated there partake of a judicial nature only to a limited extent. They are largely of such a nature as could be effectively performed by some sort of freight commission rather than by a judicial body.

The procedure followed by the Tribunal is attendant with many formalities, more or less akin to that followed by Courts of Law. Therefore, if the Tribunal is retained, its powers could be confined to enquiries involving the exercise of judicial functions. The Committee are of the view that the strict formalities of the procedure followed by the Tribunal have reduced its utility, and that a freight commission following an informal procedure would more adequately meet the needs of the situation. Such a commission could also usefully initiate investigations in regard to freight rates. Further, terminal charges which have been standardised are outside the purview of the Railway Rates Tribunal. But such terminal charges have been found to be burdensome in the case of certain raw materials required by Industry, (e. g., in the case of sugar-cane). It is therefore necessary that terminal charges should also be brought within the purview of the freight commission. For such a freight commission to function effectively, it must include one or more representatives of Industry and Trade: by this means it will be ensured that the commission's findings are tempered by a proper assessment of the impact of freight on the commodity and its marketability.

Q: 2 & 3. In their answer to Q: 54 of Part I, the Committee have mentioned *inter alia* two principles, that as among different items of traffic rates should be properly related, and that rates established over time should not be suddenly thrown overboard. The due observance of these principles will be ensured only if proper enquiry by a fact-finding commission has preceded any changes in rates. The Committee would therefore say that before the Central Government effects any enhancement of freight rates it should first refer the matter to the Tribunal (or the suggested commission), and changes should be made only with that body's concurrence, which, further, that body should give only after a due enquiry. The Committee would go further and say that it should not be permissible for Government to enhance the rates even on all goods of a particular class, without such a reference to the tribunal. In



view of the important bearing that freight has on the economics of Industry and Trade, the Committee consider the above principle as being of paramount importance.

Q: 4 to 7. The procedure followed by the Railway Rates Tribunal is of such extreme formality and is so very much akin to judicial enquiries, that it has detracted from its usefulness to the trading public. The following passage from Volume One of the Railway Board's Report on Indian Railways for the year 1949-50 bears eloquent testimony to this fact: "Both prior and subsequent to the notification of the Railway Rates Tribunal Rules, enquiries from the public were received and considered by the Tribunal. A number of complaints of specific grievances were made by letter instead of in accordance with the prescribed procedure. After the complainants were informed that the Tribunal could take cognisance of complaints only if they were presented in accordance with the rules, no formal complaint was filed." There are similar statements in practically every subsequent report. The Committee are strongly of the view that if the Rates Tribunal (or the Commission suggested by the Committee) is to be helpful the procedure followed by it should be informal.

The Railway Board's Reports above referred to show that the Tribunal has been receiving on an average about five complaints each year, in addition to a few applications. And the number of complaints disposed of has been about four a year. There would thus appear to be a back-log slowly gathering. The judicial nature of the proceedings before the Tribunal are, in the opinion of the Committee, responsible in a large measure for the lack of expedition in the disposal of cases. The Committee feel that, if as suggested under the answer to Q: 1 supra, the non-judicial functions of the Rates Tribunal are vested in a freight commission more satisfactory results could be expected.

As regards cost of the proceedings before the Tribunal, parties have found it to be of considerable amount. This also is a direct result of the extreme formality of the procedure followed by the Tribunal. A study of the Rules of Procedure (relating to the Tribunal) published in the Gazette of the 22nd October 1949, and of the manner in which some of the complaints have been dealt with by the Tribunal gives rise to the feeling (in parties concerned) that if they are not properly represented before the Tribunal their case is liable to be prejudiced (by adverse inferences, by unwitting omissions etc.). Parties therefore believe that

they should have legal assistance in representing their case before the Tribunal. The Committee do not consider this position as satisfactory. If the proceedings before the Tribunal (or the suggested Commission) were absolutely informal, complaints could, the Committee believe, be disposed of expeditiously and at less cost to parties.

Q: 8 to 10. If judicial functions alone were vested in the Tribunal, and the non-judicial functions were taken away from it, then the present position might continue in regard to the constitution of the Tribunal and the practice now prevailing in regard to assessors. On the other hand, if both judicial and non-judicial functions were to be performed, as now, by the Tribunal, then the Committee would suggest that a sufficient number of representatives of Industry and Trade should also be included in the Tribunal directly, instead of through the medium of assessors. Further, the Tribunal should sit not only at Madras, but there should be benches at Calcutta and Bombay. The procedure before the Tribunal should also be made informal. The Committee believe that by these three changes it might be possible to make the Tribunal more useful and effective.

Q: 11 & 12. The Committee do not feel that the Rates Tribunal should be abolished. As stated under the answer to Q: 1 supra, the powers now vested in the Tribunal are of a judicial nature in regard to some, and of a non-judicial nature in regard to the rest. In regard to the former it is desirable that a judicial body exercise these powers; and in regard to the rest of the powers, a freight commission, similarly as the Tariff Commission, could be effective. Enquiry into unreasonableness of terminal charges, and also investigations in regard to freight rates either generally or in relation to a particular commodity or class of commodities—these functions also could be effectively performed by the suggested freight commission. The freight commission should be composed, among others, of representatives of Industry and Trade. Further, the proceedings before it should be informal. The Commission will make recommendations regarding freight rates which Government should as a rule accept, similarly, as in the case of the Tariff Commission. The Tariff Commission's powers have not caused any conflict with Parliament's control over customs duties. On the same analogy, the freight commission's recommendations in regard to railway rates should not, it may be expected, conflict with Parliamentary control over the railway budget.

# The Bengal Chamber of Commerce & Industry,

Calcutta.

## PART I-A

Q: 1. (a) In general, the effect on industry and trade of the revised classification of goods in 1948 has been favourable. However, since that time there has been a steady general increase in the freight rates charged both on raw materials for industry and on industry's final products, and it is the rate rather than the classification which affects industry and trade. It is felt that the 1948 revision has been offset by the upward revision of the various rates.

(b) In general, the adoption of "telescopic" rates, which were primarily introduced to remove the anomalies which then existed in the separate rate structures of the individual Railway companies, has been of advantage to the commercial community. Here too the benefit has been largely offset by the increased rates.

(c) The Chamber's attention has not been drawn to any adverse effect which the continuous mileage system has had on short haul and medium haul traffic. The Railways would be better able to give details of this from their own records.

Q: 2. (a) In theory, there is allowance for some degree of flexibility in methods of charge and the minimum flat rates do allow of a measure of variation in accordance with industry's needs. Thus an industry's raw materials are transported at cheaper rates than the finished products which goes some way at least towards meeting the fundamental needs of an industry.

(b) According to the Chamber's information, a reduction of rates is rare. The drastic cancellation of "special rates" since 1948 has had a depressing effect. The provision of special rates for the special requirements of an industry or trade could have real benefits for commerce.

In the U.S.A., more than 75% of goods move at special rates. In U.K., as a post-war measure under the Railways Act of 1921, standard rates were introduced, but British railways are again feeling the necessity for the restoration of special rates. As is stated below, there is a case for the revival of preferential rates in India in the interest of industry.

Q: 4. The Chamber has no major objection to the present system of maximum rating and would recommend that it be continued. The maximum rates which are in existence at present should continue to apply. Whether or not it should be extended depends *inter alia* on the amount of use made of the facility, and this information can better be obtained from the Railway authorities.

Q: 5 (i) In the Chamber's opinion no terminal charge should be levied as the present conveyance rates which are already quite high should be considered to include all incidental services rendered by the Railway authorities. In any case, if they are to be continued, the terminal charges, covering both station expenses and loading/unloading expenses should take into account that under Section 45 of the Indian Railways Act 1890, the Railways are only permitted to charge *reasonable* terminal charges and there is a widespread feeling in commercial circles that these charges are already high enough.

(ii) Members do not favour the levy of a separate charge for short-distance haulage of less than 75 miles, since it is felt that the minimum distance for charge of 20 miles should alone be sufficient.

(iii) The additional charge of 3 pies per maund for each break of gauge being levied at present seems reasonable and equitable in so far as the consignor of the goods transhipped should be required to meet the charge. The Chamber has received no complaints against this levy. But in compensation for these charges, it is only reasonable that the railways should make special arrangements to check the losses which are at present frequently traced to transshipment points on account of the delay, theft and damage which are encountered there.

Q: 10. The Chamber has no objection to the principle of classification but feels that in the case of some commodities there are clear anomalies which call for adjustment. As an example of these it may be said that Electric Welding Rods (Welding Electrodes) are at present classified under Class 11 as for Electric Lamps but as the rods are of mild steel and coated with a flux to make them suitable for Electric Arc welding, the more appropriate classification might be Class 5 taking into account the "dead weight" of the material when compared with the price. This is only one example from one particular industry but most industries will have quoted their own examples.

Q: 16. The 'W' condition appears to be already high enough and any upward revision of the existing condition qualifying for wagon load rates could only have the

effect of delaying despatches both of wagon loads and of 'smalls' traffic. The Chamber does not recommend any increase in the existing 'W' condition.

In order to ensure quick turn-round of wagons dealing with 'smalls' traffic, it is felt that a more liberal policy of clubbing of consignments should be adopted. According to the existing rules (up to) 4 consignments may be clubbed together to form a wagon load consignment but in actual practice, due to other technical rules, this facility is not being fully availed of. It is observed that at all big goods sheds, a 'smalls' consignment is not allowed to be clubbed with a wagon-load consignment whenever it is offered on the day of loading of the wagon, even where sufficient room is available in the wagon, on the ground that such loading (clubbing) of 'smalls' would infringe the 'nominated day' system of loading.

In recommending increased use of clubbing, the Chamber would point out that the rates of charge for freight which is clubbed should be averaged between the various components of the consignment. In the past there have been proposals from the railways that the clubbing rate be fixed on the sale price of the most expensive part of the consignment. This has been strongly resisted and frequently complained against by the various trade associations who have held that a mixed consignment should move at the average by value.

Q: 16. (A) The Chamber would like to suggest that the present minimum weight conditions should be adjusted so that they do not penalise the manufacturers of containers, hollow ware and certain fabricated steel as much as at present. Hardship is caused to these manufacturers because it is difficult for them to fulfil the minimum weight conditions as the capacity of a railway wagon is insufficient to carry the 'minimum weight', prescribed for these containers, etc.

Q: 17. The Chamber agrees that when the volume of traffic in any commodity will justify it, concessional train load rates are reasonable and may be employed. The advantage of this system to industries which deal with raw materials in bulk, such as the seasonal traffic in sabai grass for the paper industry is obvious. The railway would benefit from easier planning of wagon movements, quicker clearance and storage of goods of this kind, mainly raw materials and coal. This is also a primary objective of all Railway freight policy since accumulation of large stocks of bulky commodities is a major hazard and, in its turn, slows up the turn-round of wagons.

Q: 18. The Chamber feels that all consignments should move quickly and that if special "express rates" were introduced, the tendency would be for the Railways to delay delivery of ordinary freight.

The special express goods services appear to have been introduced to meet the railways' need to dispose of 'through' goods traffic as quickly as possible and to minimise handling. That the sender is also benefited is largely incidental and it is doubtful whether the railways would be entitled to make an additional charge.

Q: 19. One of the necessary conditions for supply of cranes should be a uniform rate at any station where cranes are available. The trade in Calcutta has recently been embarrassed by the existence of a different rate between Howrah and Shalimar goods sheds and the proposed sharp increase in the rates from Rs. 4 to 40 per operation at Howrah which has been suspended while the subject is further reviewed. An increase of this order introduced overnight is of course a great disadvantage to the trade since crane charges are an element in cost of production which has to be reckoned in concluding the contract price of an article.

Q: 21 & 22 In general the Chamber feel that most firms, in their own interest, use alternative modes of transport whenever these are available. In view of wagon shortage and booking restrictions, very few companies prefer Railway despatch for short distances to road transport, river steamer services or even air transport. The Chamber would not favour the refusal of short-distance traffic by railways or the imposition of penal freight rates on short distance traffic since it is not felt that this is a major Railway problem.

River freight rates are in almost all cases less than Railway rates while road transport rates are not regular or fixed, but generally exceed Railway freight rates.

Q: 23 to 27. The Chamber has no particular comment to offer on the freight pool in general. But the creation of a freight pool for coal, which has been specifically suggested, would seem to run counter to Government's policy of encouraging consumers to draw their coal from the closest coalfields. By placing 'long hauls' at a premium, it would seriously affect the turn-round of wagons.

Q: 29 & 30. The Chamber feels that most industrial interests would welcome special rates for selected commodities. This system operated before the freight structure was revised in 1948 when the Railway Administration lay in the hands of the Railway Companies. It is felt that, in the case of an industry under development in connection with the Five Year Plan, there is some advantage in special rates for movement of raw materials and finished products. A scheme of standard rates, however desirable in principle and for administrative reasons, cannot fully meet the individual requirements of individual industries, e.g., the steel industry or the paper industry which are undergoing large-scale development. In short, the Chamber favours telescopic rates with special rates where an industry can justify them, though it is aware of the danger of using freight rates to assist the development of special industrial interests.

Q: 32. The Chamber is informed that the Railway Board has, in consultation with the Planning Commission, already accepted as its object the policy of providing special facilities for the carriage of raw materials for essential industries. In a recent circular, industrial interests in the Chamber were informed that they should notify the Chief

Commercial Superintendent of local railway administrations of future industrial development and their requirements of railway wagons to meet the various projects of industrial expansion recommended under the Five Year Plan.

The Chamber recognises the need for special provision for these developing industries and in certain circumstances for preferential rates. It would, however, point out that concentration on new industries should not prevent existing industries having adequate railway wagon and other facilities. Moreover the power to moderate freight rates should be used with the greatest care to prevent discrimination between various interests and various sectors of industry.

Q: 40. This question is primarily intended for reply by the various railway administrations.

The questionnaire has pointed out that the increased volume of traffic, which has been estimated at 60% over the next Five-Year Plan period, will involve the railways in increased expenditure on goods sheds etc. It has been drawn to the Chamber's attention that many sectors of expenditure on railway development can be paid from earmarked revenues. Thus the provision of extra goods sheds etc., may be financed from the revenues obtained from the increased traffic which may be expected to travel on the railways.

Another aspect of this may be mentioned. The Chamber has frequently been told that big parcels and goods offices such as those at Howrah and Shalimar are badly equipped and understaffed with the result that railway despatch clerks from companies spend much of their time queuing and an entire day may be taken up in the booking and delivery of an item of out-going cargo or in enquiring about and locating in-coming freight. The Chamber wonders whether the heavy terminal charges etc. which have to be paid would not justify the earmarking of these revenues for the provision of greater facilities and services of this kind.

Q: 41. The Chamber doubts whether fluctuating freight rates are desirable. If one may judge from the difficulties encountered in adjusting export duty to competitive conditions overseas it would be impracticable for railways to adjust freight rates even for the major Indian exports—tea, jute etc. In the second place the existence of fluctuating freight rates would make it more difficult for companies to fix the price for overseas contracts when offering their quotations.

In short, the benefit which the variable rates would convey, would scarcely justify the administrative difficulties and uncertainties.

Q: 42. This is a question on which the Railways could give most detailed information. In North Eastern India it is obvious that there have been very large changes in the quantum, direction and range of movements of commodities since 1945, some of which, but not all, are associated with partition. These changes have affected, among others, the coal, tea and jute industries. It is doubtful, however, whether they have in any way been connected with freight rates.

Q: 43. It seems likely that while transport considerations since 1948 may have influenced location of industry and the development of trade, freight rates themselves have not been of major importance.

Q: 44. Individual industries will be replying direct on this point. Whether the goods are booked F.O.R. forwarding station or F.O.R. destination station depends *inter alia* on the nature of the contract (Government contracts are generally F.O.R. destination, while private contracts are often F.O.R. forwarding station) and varies with the trade customs of the industry concerned.

Q: 48 to 53. These questions are best answered by the Development Wing of the Ministry of Commerce and Industry.

Q: 54. Any freight policy in an expanding economy should take account of the viewpoints of producers and consumers.

On the one hand, freight rate should be so devised as to provide for the interests of the *consuming public* at large and their limited purchasing power. It should assist in ensuring that Indian commodities, which are essential to the life of the community, travel throughout India at the cheapest possible freight rates and are available to the community as cheaply as possible.

On the other hand, railway freight rates become an academic study if the *producers' viewpoint*, is not taken into consideration. The essence of freight policy from the producers' angle is quick movement of his goods. Unfortunately there is evidence that the railway's current performance falls a little short of what is desired. A note circulated recently by the National Railway Users Consultative Committee indicated that while there had been an improvement of 7% in loadings on Indian railways, outstandings were nearly 300% higher on 31st July 1955 than in 1954. This does not augur well for the future. At their meeting in December 1955, the Associated Chambers of Commerce passed a resolution with which this Chamber is in accord, pointing out what the two objects of railway freight policy should be in the next few years of the Second Five-Year Plan:—

to move the increasing volume of traffic associated with agricultural, industrial and in particular—mineral development of the country;

to anticipate rather than to follow the likely movements of traffic in India's rapidly expanding economy.

Freight rates are ancillary and in some ways incidental to these broader considerations of freight policy.

## PART II

### GENERAL

The second term of reference of the Enquiry Committee reads as follows:—

"To examine whether the statutory provisions dealing with the responsibility of Railways as carriers need any, and if so, what modification; and in the light of modification proposed whether any adjustment in freight rates is warranted."

It appears to the Chamber that there are many considerations regarding the Railway's responsibilities as carriers which are not fully covered by the questionnaire and which require separate treatment. The Chamber has been impressed in reading the replies collected from members that, while in a developed economy there should be a gradual tendency towards booking at Railway Risk instead of Owner's Risk, in India the trading public are generally reluctant to book at Railway Risk and doubtful of its advantages.

2. The origin of this preference is fundamental and should be set out by way of preamble. The trading community in India seem to be generally dissatisfied with the Railway's custody of goods while they are in their possession. The railways have claimed that their responsibility is that of a bailee and have denied responsibility for goods in transit on this ground. This has caused dissatisfaction on the part of the railway-user which may be followed through the various stages of the movement of goods. At the time of booking, the loading stations often enter derogatory remarks in the railway receipts regarding the packing or condition of the commodity, a precaution taken by the railways against claims being tendered. The company has no similar right to enter remarks in the Railway Delivery Registers, regarding goods received short or in a damaged condition. The Railways' remarks are generally accepted by consignors at the station of origin in order to prevent delay in moving their goods. At the stage of movement, damage may be caused to goods by rough handling at the stations and rough shunting en route; pilferage may take place due to inadequate protection from watch and ward staff and from improperly sealed wagons etc. The attitude recently taken by railways in denying responsibility for "running train theft" tends to encourage pilferage outside station areas from which the railway-user has no hope of redress except by private insurance.

3. The distaste for booking at Railway Risk springs mainly from the operation of claims procedure. When a theft etc. has actually occurred, there are complaints about the slowness in disposing of claims possibly extending over 12-18 months, the general reluctance to accept *bona fide* claims and the sometimes high-handed attitude of claims officers. These features encourage the tendency to refer matters to court when the case is not time-barred by the Limitation Act, the only deterrent being the heavy burden of legal expenses. This is typical of the experience and attitude of many companies and is a story which has been described to the Railway Board many times before. It has only been set down here in the barest outline since it seems to be basic to the understanding of the commercial attitude on the second item of the Enquiry Committee's terms of reference.

4. In the Chamber's view, one of the fundamental reasons why firms do not take more advantage of railway risk rates is because of the legal difficulties associated with claims and the Chamber has for long advocated that there should be some modification of the statutory provisions regarding responsibilities for claims. In particular, the Chamber has argued in favour of

amendment of Sections 77 and 140 of the Indian Railways Act, 1890, particularly in its letter of 17th December 1954 to the Secretary, Railway Board on the subject of "notice of claims against the Railways". A copy of that letter has already been forwarded to you under cover of letter No. 2827-TC of 17th August 1955, by Mr. M. V. Bhavnani, Deputy Director, Traffic (General), Railway Board but a further copy is attached for reference, vide Appendix 'A'. In the Chamber's view, the arrangement by which Railway Board had instructed railway administrations in legal suits over claims, not to take the defence that claims had not been properly served if served in the name of an official other than the General Manager, had not been effective at least in the case of *Mid-way Merchants versus Union of India*, which prompted that letter.

5. The Chamber's attention has subsequently been drawn to the judgment in the case of *Union of India versus Durgadutt Poddar and others* (the judgment of Justice Lahiri dated 4th July 1955 in the Civil Revisional Jurisdiction). In this case, the railways neglected their earlier assurance and employed the defence that the claim had not been properly served in the name of the General Manager and the judge found in favour of the railways on that ground. It therefore appears that the informal recommendation of the Railway Board in 1954, designed to avoid the need for legislation on this subject, has broken down and that the situation can only be remedied by revision of the relevant Sections of the Railways Act. The Chamber would urge the Enquiry Committee to consider the plea which it previously put forward to the Railway Board that Section 140 should be amended on the following lines:—

"Any notice or other document required or authorised by this Act to be served on a Railway Administration may be served in the case of a railway administered by the Government on the Manager or the Chief Commercial Superintendent of the destination railway or any other official duly authorised by the Railway Administration concerned etc., etc."

In addition, it is felt that steps should be taken to amend Section 77 appropriately and also the definition of "Railway Administration" or "Administration" (in the case of a railway administered by Government or a State) contained in Section 3 (6) of the Act.

6. Another of the points on which amendment seems to be necessary is in connection with Rule 31 (2) of the Indian Railway Conference Association Goods Tariff No. 29/1954. The Railway Administrations frequently repudiate claims under this rule, since they deny liability for loss, etc., in respect of goods not removed from railway premises at the station of destination *within a reasonable time*. The rule goes on to say that "the free time allowed for demurrage and wharfage on railways should be considered as reasonable time for this purpose".

7. In the Chamber's view this often seems to work unfairly on commercial firms. It is common knowledge that the arrival of goods consigned by railway is usually subject to much delay. The con-



signee has no idea of the probable date of arrival of the goods, since, under Rule 33 of the Goods Tariff, the railways do not undertake to serve notice of arrival of the goods on the consignee. It will be apparent that it is often not physically possible for the consignee to take delivery of the goods within the wharfage free period. An indirect effect of this rule is to encourage pilferage of goods left lying in railway yards after the close of the free period. The practical result for the trade is therefore large-scale losses which cannot be made good. It is also felt by the trade that claims for loss and damage occurring in the railway sheds, whether during the free period or after, are almost invariably repudiated under this part of Rule 31 (2).

8. The Chamber has studied the letter No. 500-H of 17th October 1955 addressed by the Calcutta Grain, Oilseed and Rice Association to the Enquiry Committee in which the case is argued at length that, under this Rule, the railways are not allowing the railway-user either the 'reasonable time' given under Section 72 or the 'reasonable facilities' under Section 42 of the Indian Railways Act. The Chamber supports the plea made and would suggest that (i) the Railway Administrations should be liable to inform consignees of the arrival of their goods whether they arrive within the usual time or not; and (ii) the Railway Administrations should be responsible for loss to, or damage to, consignments in their custody as bailees until a period of (say) not less than three working days after the arrival of the goods at the destination station has elapsed. If this modification had the effect of detaining goods on the railway premises in such a way as to cause congestion, rent might be levied for detention beyond that period.

9. The Chamber appreciates that the railways are reluctant to resort to fundamental modification of the Indian Railways Act 1890 but it feels that there should be no delay in following up the Indian Railway Amendment Act 1949 by further revision of Sections 77 and 140 in particular. It is equally important that the spirit of the amendment should be adhered to in practice—a respect which has not been fully successful in the case of the 1949 Amendment Act. The second part of the second term of reference deals with a possible modification in freight rates in event of the railways assuming any increased liability in respect of claims. The Chamber holds that consignors should have the option of booking at either Railway Risk or Owners' Risk on all goods, except when circumstances do not permit it as in bookings from private sidings. It has been urged on the Chamber that the current freight rates are high, bearing in mind the responsibility which the railways assume. It is therefore questionable whether Railway Risk rates would be much in demand if they were to be enhanced, even though the railways did undertake an extended responsibility for custody of goods in transit.

Q: 1. (a) It appears from a study of members' replies that where the alternative exists commodities are generally booked at Owners' Risk rates for less valuable goods and consignments which cannot easily be stolen; and on more valuable consignments goods are generally booked at Railway Risk

rates. The chamber understands that raw materials are generally booked at Owners' Risk and finished products at Railway Risk. But the practice is by no means consistent even by firms in the same line of business.

(b) In some cases as much as 50% are sent at Railway Risk and 50% at Owners Risk while in other cases such as oil-seeds etc., practically all consignors accept the Owners' Risk rate on account of price considerations. The sort of commodities which move at Railway Risk are generally those which are highly valuable in small bulk as, for example, paints, paint-thinners, dye stuffs, glycerine, acids, etc.

(c) Opinion differs on this point. There is general agreement that there has been a substantial increase in pilferage of goods travelling by rail since pre-war days but it is doubtful to what extent the various sectors of trade have changed their practice. In some cases, industrial concerns have begun to book their goods at Railway Risk where they would previously have booked at Owners' risk on account of increasing pilferage. In other cases, consignors continue to follow the same booking procedure as pre-war.

Q: 2. (a) From the Chamber's enquiries it would appear that there is a wide range of experience. Consignors of very valuable cargo such as wines and spirits frequently insure their consignments because of their value and the likelihood of breakage. In the case of more general freight, insurance is restricted to a small percentage of goods sent. In one case it has been calculated at 2% of normal business in the Calcutta region. But there is an increasing tendency to insure goods in addition to booking at Railway Risk or when booking at Owner's Risk.

Among the reasons for private insurance being taken out on railway freight, the following may be mentioned:—

- (i) The value and quality of the consignment may make insurance desirable. Buyers may give explicit instructions for insuring the goods under the terms of the contract.
- (ii) Insurance companies provide wider cover and can be relied on for more sympathetic consideration of cases of loss or damage than the railways. There has been a good deal of dissatisfaction with the railways' interpretation of their obligations in event of booking at Railway risk.
- (iii) Insurance companies settle claims more speedily and the companies are not required to keep their funds tied up in unrealised consignments while cases are being examined by the railways or are under reference to a civil court.
- (iv) Claims are commonly rejected by the railways on purely technical or legalistic grounds. Traders are not conversant with these technicalities and it is natural for them to take private insurance cover to avoid the trouble of referring to court or the inconvenience of interminable arguments.

(b) Private insurance is normally effected against theft, shortage, total loss and damage. The rates of premium depend on the nature of the goods consigned, on the past experience and the region to which they are sent. The rate is thus not uniform.

(c) The Chamber is of the opinion that there has been a shift in favour of private insurance as compared with booking at Railway Risk in the post-war period and even since the amendment of the Railway Act in 1949. In particular, the Chamber has been informed that insurance cover is increasingly taken out in recent years for goods such as wines and spirits in view of the heavy loss ratio and the frequency of organised pilferage.

Q: 3. The proportion of Owners Risk traffic covered by private insurance is not known but in some commodities it is reckoned to be not inconsiderable. Many of the remarks made in reply to Q: 2 apply equally to this question.

Q: 4, 5 & 6. These questions are clearly intended to be answered by Railway Claims Officers. So far as the Chamber's information goes, there is no evidence that there has been a marked increase in payment of compensation claims since 1945, allowing for the general increase in the value of commodities compared to pre-war. The Chamber would hazard the guess that the railway administrations have a "claims budget", which determines the funds which are available for meeting claims and that it is this fund rather than the merits of an individual claim or the quantum of traffic moving at a given time, which decides whether a claim will be settled.

Q: 7. (a) & (b). The Indian Railways (Amendment) Act, 1949 extending the liability of the Railways to cover cases of 'negligence' in addition to 'misconduct' in respect of the carriage of the defectively packed goods and those booked at Owners' Risk has been of little practical utility to the trading community. What constitutes negligence and what misconduct is not easy to define, and claims falling within this category are seldom settled principally because the onus of proof lies statutorily on the claimant. The Chamber considers that while this part of the Amendment Act was well-intentioned, it has not in practice helped the trade since consignors find it difficult to get concrete evidence of negligence on the part of the Railway even though they are satisfied that negligence has taken place.

There are two main difficulties which the railway-user faces in establishing his right for compensation in case of losses. In the first place, he finds it difficult to obtain sufficient information from the railways to enable him to prove his case. Under the amended Section 74-D, the railway administration is bound to disclose how the consignment was handled while in railway custody though the proof of negligence remains the duty of the consignor. The Chamber has frequently had occasion to complain that the railways were not fulfilling their obligations under this Section of the Act and appeared to be withholding information which would prevent the filing of a claim or were delaying its presentation. While this is natural enough, it does deprive

the Section of much of its value for the commercial railway-user.

The second difficulty is that railway-users and the railway find it difficult to arrive at a satisfactory understanding of what should constitute negligence on the part of the railways for the purpose of Section 74-C of the Act. Claims officers have a tendency to repudiate liability even in cases where it is established that wagon doors or windows have been improperly closed, which seem to be clear examples of negligence. Examples have also been put forward where in the case of 'defectively packed consignments', claims have been refused on the ground that losses occurred in general handling. When cases of this kind are repudiated, there is no relief except taking legal proceedings.

Difficulties of these two kinds have destroyed much of the value which these Sections might otherwise have had for the trading public. It is not therefore felt that they can have operated to the disadvantage of the railways.

Q: 8. The following points have been raised in connection with the present system of risk rates, which seems to be too complicated and to call for considerable simplification:—

(i) For movement of traffic in wagon loads the general rule should be to introduce a uniform risk rate for commodities on the same schedule so that mixed consignments may be booked together in the same wagon, e.g., soda ash, caustic soda, bicarbonate of soda, etc.

(ii) There are arguments in favour of two rates being quoted for all commodities in case of both 'smalls' and wagon loads, especially because the insistence on specific "packing conditions" often results in goods being carried at Owners' Risk only.

On balance the Chamber is impressed with the advantage to the trading public of maintaining both owners' and railway risk rates for all commodities. It is admitted that in United States, all articles of merchandise are carried at Railway Risk and that this may be an ultimate desideratum but in India's present stage of development, railway-users should have the full option.

Q: 9. Some disparity due to the freight conditions seems to be inevitable but the railways would be in a stronger position to comment on the degree of difference between OR and RR rates.

Q: 10, 11 and 12. The Chamber considers that the consignor should have the option to book his consignments either at Owners' Risk or at Railway Risk rates. It might be feasible to arrange for reductions of the full tariff rate on a percentage basis if carriers were to be relieved of some responsibility or risks but the Chamber doubts whether it would be satisfactory from the administrative point of view of the railway claims departments or beneficial from the side of the railway-user. The existence of two clear-cut rates for each commodity seems to be most desirable.

The Chamber does not recommend the withdrawal of Owners' Risk rates and consequently questions 11 and 12 are not applicable.

Q: 13. So far as paints and varnishes are concerned, "paints dangerous and non-dangerous" are provided with both Railway Risk and owners' Risk rates in the IRCA Goods Tariff No. 29 of 1954 irrespective of their flash point. Nor is there any mention in the case of dangerous goods such as enamels or varnish paints under Divisions A and B, of special packing conditions in the above tariff.

The present practice seems to be fair and should be continued.

Q: 14. The conditions laid down for the execution of forwarding notes under Section 72A of the Indian Railways Act, 1890, appear to be generally satisfactory.

It may be convenient to mention at this stage that it has been strongly represented to the Chamber that statutory provision should be made at some point in Chapter VII of the Indian Railways Act to the following effect:

"The Forwarding Note executed by the person delivering the goods for carriage and the Railway Receipt issued by the Railway shall be regarded as conclusive proof as between the parties claiming compensation from the Railway for the destruction, deterioration or loss of goods and the Railways in regard to (A) quantity and weight of goods tendered for carriage, (B) whether or not the goods tendered for carriage have been defectively packed or are in a defective condition."

The Chamber considers that a provision on the above lines would be valuable.

Q: 15 & 16. In commenting on the general and special packing conditions laid down in the IRCA tariff, the Chamber feels that much can be done to improve the standard of packing. There is much to be said for a procedure whereby commodities are not accepted for booking by the railways unless the prescribed conditions of packing are actually fulfilled. This would benefit both the trade and the carriers. For the railways, it would make handling easier; for the trade, it would simplify booking procedure and eliminate doubtful claims and ease the detection of short delivery.

Apart from these general comments, the Chamber has received some specific comments on the packing conditions. Firstly, it has been represented that the present standard packing conditions applicable to steel are expensive. Further it has received a suggestion from a member for revision of the packing conditions for "Tea in Packets", (Page 308 IRCA Goods Tariff No. 29/1954) as follows;

"Tea in Packets—must be packed in aluminium packets or in strong paper packets with a damp-proof liner or wrapper, or in strong paper packets with damp-proof case lining contained in metal lined patent chests or in strong wooden chests bound with hoop iron or wire under tension, two of which should be placed opposite to the direction of the planks."

It would be observed that the amendments suggested are only in respect of (a) metal-lined patent chests and (b) position of hoop irons on the wooden chests. Patent chests because of their strong plywood packing and metal edging are more pilfer-proof and are at present accepted throughout the country by all Railways. As regards hoop irons, by placing two across the planks, in our opinion, greater strength will be afforded to the wooden chests as against placing them length-wise as provided in the existing rules.

Q: 17 (a) & (b). The Chamber considers that important terminal stations like Howrah, Shalimar and Sealdah are badly provided with storage space and warehousing accommodation and that this has an important bearing on railway claims. Under the IRCA Rules, goods are, in all cases, at Owners' Risk *both* until they are taken over by the railway administration for despatch *and* immediately after they are made available for delivery by the railways at destination station to the consignees. Loss by pilferage and damage, such as water-damage during the rainy season, frequently happen at this stage for no other reason than the lack of adequate storage. This underlines the urgency of providing for the secure storage of goods prior to despatch and after delivery which will reduce losses and general inconvenience. The legal implications of losses in the goods yards and sheds are taken up separately in the *Introduction* where a modification of the present rules has been recommended.

The Chamber considers that storage accommodation is inadequate in most stations, particularly in Calcutta City itself (*viz.* the inadequate shed at Garden Reach which is the South Eastern Railway station adjoining Calcutta Port). Shalimar too is not sufficiently provided with this accommodation and most of the loading has to be done direct from lorries/carts to the wagons. The Chamber suggests that priority should be given to increasing storage accommodation.

In the experience of Chamber members, most of the claims for damages arise out of consignments left in the open. It is essential that goods should not be left in the open prior to despatch or after discharge from wagons. Valuable consignments should always be secured in the lock-fast.

So far as the Railways are concerned, the Chamber is not aware of schemes for providing warehousing either by private business or co-operative bodies. The Chamber has experience of the operation of warehousing under private administration on a successful basis in Calcutta Port for tea shipments, but it is felt that the provision of warehousing in stations and goods yards should be a function of the Railway Administration and that the provision of this accommodation should receive top priority from Railways in the Second Five Year Plan.

Q: 18 (a) & (b). The Chamber is not in favour of the continuance of the provision whereby Railway responsibility is limited to that of a bailee. From their experience of claims cases members of the Chamber feel that the Railways use the provision that this liability for the goods is that of a bailee or a man of ordinary prudence to the advantage

of the Railway Administration. The Railways being only bailees shift the onus on to the claimant firm to prove that the loss was due to wilful negligence or misconduct on the part of the railways. It provides a loop-hole by which Railway Claims Officers decline responsibility for many real cases of loss and damage and a review of the responsibilities is very necessary.

As the Chamber has previously recommended before the Special Officers examining claims matters for the Railway Board in 1952-53, it would be appropriate to extend the liability of the Railway Administration from that of a bailee under Sections 151, 152, and 161 of the Indian Contract Act, 1872, to that of a common carrier, provided the relevant packing conditions are duly fulfilled and other booking formalities are complied with. It is understood that the procedure on British Railways is that the Railways' liability is that of a common carrier and insurer of goods.

The Chamber has frequently discussed this question of liability with Railway officials and has heard the disadvantages associated with this increased liability. If the Railways cannot accept the responsibility for goods of common carriers, then it is felt that the exact liability of the Railways for freight which they handle could be defined in the Railways Act (or other legislation) so as to prevent the claims procedure being perpetually tied to the provisions of the Indian Contract Act as at present and to disputes on points of law associated with it, requiring reference to Court. The Chamber feels that it might be impossible to decide on the nature and extent of the risk which would be assumed by the Railways without a period of experiment on the new basis.

Q:19. The Chamber has frequently expressed its views on this subject and has attached in Appendix 'B' copy of its letter 10434 of 23rd December 1954 to the Railway Board on the subject of 'Running Train' theft. Though the letter concentrates on 'running train' thefts, the remedies which it suggests, are relevant to theft and pilferage as a whole.

The Chamber's recommendations may be summarised as follows:—

(i) *For the railway authorities*: Greater care in handling and shunting, rigid supervision at the transshipment points, improvement in the condition of wagons, provision of an armed escort on goods trains;

(ii) *For State Governments*: Greater liaison between railway and civil police; and greater powers of arrest for tampering with wagons;

(iii) *For the public*: greater publicity should be given in areas where pilferage is common in order to obtain public help in locating offences.

In addition to these, the Chamber's attention has been drawn to the following suggestions: that the railway rules should be tightened to allow the railways to exercise stricter control over staff who are found to be implicated in thefts so that deterrent punishments may be inflicted.

Q:20. This question is intended to be answered by the railway Claims Organisations. It is not possible for the Chamber

to give any estimate of the additional amount of claims that would have to be paid, if railways were treated as common carriers.

It has been strongly represented to the Chamber that 'running train thefts' and the rejection of claims on that account have grown to great proportions and are on the increase. It must therefore be assumed that the additional liability which would be imposed on the railways by accepting the role of common carriers and insurers would be formidable.

Q:21. The commercial community is much interested in the efficient working of the commercial departments of the railways and the claims organisations in particular and is anxious to co-operate in their working. This is so because a large part of the freight rate charged for movement of goods goes to maintain the very large establishments for settlement of claims which exist in all the railway administrations. There is however evidence of reluctance and suspicion on the part of the railways. It cannot be said that railway-users in India are looked upon by railway officials as good customers or are treated as such. Neither in the treatment of goods in transit nor in settlement of claims is there evidence that "the customer is always right."

Claims are generally settled either by the Chief Commercial Manager or by Chief Commercial Superintendent or by Special Claims Officers. These Officers are delegated powers by the General Manager of the Railways concerned to handle claims but the authority to delegate such powers has been questioned by different High Courts. It is, therefore, considered essential that these Officers should be empowered under the Indian Railways Act as suggested in the Introduction to handle claims which would remove all doubts as to their authority and also result in expeditious disposal of claims. Care should be taken to ensure that Officers dealing with claims have sufficient legal knowledge in order that unnecessary litigation may be avoided.

A difficulty which often arises in the way of speedy settlements is the lack of agreement between the Railway Administration and the Claimants as to the basis of settlements. It has been found that the basis of settlement varies between one Railway Administration and another and also between one State and another. In certain cases, assessment is made on the basis of market value which appears to be the correct basis, whereas in some cases, claims are adjusted on the basis of the invoice value which often involves the claimant in financial loss. For the sake of uniformity, it is recommended that the basis of settlement of claims be clearly and unequivocally laid down in an Appendix to the Railways Act.

There does not seem to be any justification for delay in disposing of such claims as are supported by a Certificate of Loss or Damage from the Station Master at destination. Whilst the present routine procedure itself necessitates enquiries being made from contiguous Railways, it is considered that the Railways should endeavour to eliminate unnecessary delay and correspondence and introduce suitable machinery whereby claims of this nature are disposed of with the minimum delay possibly by adopting a summary procedure for claims



under Rs. 1,000 or by fixing target periods for each grade of claims and for different values.

At present, it is no exaggeration to state that claims above Rs. 500 are not settled within six months. Under the Railways Act, the time limit for filing a suit is one year and two months are added to this for notice under Section 80 of the Civil Procedure Code, thus giving a total time limit of 14 months from the date of the Railway Receipt within which the suit must be filed. Experience shows that, even after notice under Section 80 of the C.P.C. has been served, little, if any, effort is made by the Railways to effect settlement with the result that the only course left is to file a suit. It is only after the suit is filed that the Railways come forward with an offer of compromise. Such a course not only causes inconvenience to the claimant but also considerable financial loss because expenses like Court Fees, Solicitors' Fees, etc., have to be incurred initially in filing a suit.

It is, therefore, suggested that, if suits are to be kept to the minimum, the best course

would be to extend the period of limitation to two years by an amendment to Articles 80 and 81 of the Limitation Act. Alternatively, the limit should be extended to 20 months by making a Statutory provision to the effect that the period of six months under Section 77 of the Railways Act should not be taken into account in calculating the limitation. In other words, Section 15 sub-clause 2 of the Limitation Act may be extended to enlarge the period of limitation for a suit against the Railway Administration to avoid the argument that notice of claim under Section 77 is not a notice of suit, but it is only a mere preference of a claim, as such deduction of time cannot be granted.

It is also suggested that the Railways Act should provide for Railway Surveys as in many cases this obligation is not recognised by the Railway Administration. When open delivery is demanded, several Station authorities, specially in smaller place, ignore the Railway Board's directions in the matter and refuse to agree to survey, thereby extracting a clean discharge of the Railway Receipt for release of cargo.

#### APPENDIX A.

*referred to in paragraph 4 of the introductory remarks to replies to Part II of the Questionnaire.*

*Copy of the letter dated 17th Dec., 1954 from*

*The Bengal Chamber of Commerce & Industry, Calcutta to the Secretary Railway Board.*

I am directed to address you on the subject of the judgment given in the S.C.C. Court Sealdah 24 Parganas in the case of Midway Merchants Ltd. vs. the Union of India representing the Eastern Railway and another. The Chamber would once again request that Section 140 of the Indian Railways Act should be amended so that notice served on the Chief Commercial Superintendent or other officers specified by the local railway administration might count as valid notice under the Act for submission of claims.

2. In accordance with Section 77 read together with Section 140 of the Indian Railways Act, claims against the railways must be served on the General Manager of the Railway Administration concerned. The procedure contemplated by the Act came to be recognised as inconvenient and unwieldy and the railway authorities in 1944 authorised claimants by Press Notification to give notice of claims to officials of the status of Chief Commercial Superintendent. This procedure continued until the case of Union of India vs. Indumati where judgment was given that a notice not served on the General Manager, could not be sustained in law. As a result, several claims were turned down and the matter became a considerable grievance to the commercial community,

3. After representations had been made to the Railway Board by this Chamber and several other commercial organisations, local railway administrations were this year instructed by the Railway Board to issue public notification declaring that in claims' cases "the plea that notice of a claim had not been properly served would not be raised by the railways". The Eastern Railway notice to this effect was contained in the Chief Commercial Superintendent's Circular Notice No. CC/Index 756/34 of 9th March 1954. In this way the Railway Board hoped to overcome technical and legal difficulties in claims procedure and remove a grievance of the commercial community. In making this arrangement, however, they refused to accede to requests by the Chamber for alteration of Section 140 of the Indian Railways Act.

4. In the case of Midway Merchants vs. The Union of India (S. C. C. Court Suit No. 1676/1953) which was heard in May 1954 the Eastern Railway as the defendant adhered to the railways' undertaking that the plea that notice had not been properly served under Section 140 would not be used. But the Judge himself decided that the claim had not been properly served in accordance with the Railways Act, even though the defendant had not



attempted to argue against it, and gave judgment against the claimant *suo moto*. Indeed, the judge, who had previously given an Award in favour of the plaintiff reversed his decision on this particular ground of notice.

5. The Chamber was grateful for the Railway Board's action early in 1954 of recommending a procedure which would be more manageable and at the same time more equitable to commercial claimants. It considers how that the time has now arrived for the Railway Board to reconsider its earlier reluctance to amend Section 140 of the Railways Act. This was expressed to the Chamber at the time of the meeting between Chamber representatives and Mr. S. S. Vasist in Calcutta on 8th January, 1954, from the minutes of which an extract is appended. The Chamber suggests that in view of the Midway Merchants' case, the

present Section 140 of the Indian Railways Act should be reframed and clarified and that any adjustment in Section 77 which appears to be necessary may also be made. The Chamber understands that this proposal has the support of the local railway administration. It is thought that the reframed section might read:

"Any notice or other document required or authorised by this Act to be served on a railway administration may be served in the case of a railway administered by the Government on the Manager or an officer duly authorised by him and in the case of a railway administered by a railway company on the agent of the railway company etc. etc."

*Extract from a Note on a meeting between representatives of the Bengal Chamber of Commerce and Industry and Mr. S. S. Vasist, Member (Transportation) Railway Board held on 8th January 1954.*

### RAILWAY CLAIMS.

#### *Difficulties in Claims Procedure*

Mr. Vasist advised that though the average time for the settlement of claims had been reduced from over 90 days to about 71 days in the last few months, it was a fact that the settlement of some claims was inordinately delayed. A number of such cases referred to pre-partition days and the delay was primarily due to the necessary documents or information not having been received from the Pakistan Railways. The question would be taken up with the Pakistan Railways at the next meeting of the standing committee which was expected to be held sometime in April next. A special investigation had already been made by a retired Director of the Railway Board to expedite settlement of claims and reduce compensation claims, and the recommendations of this officer would be implemented. However, with a view to investigating the local causes of delays, a sub-committee of the Zonal Committee of the Eastern Railway has been formed. This committee will include two representatives of the trade. In addition to investigating in detail the causes which result in abnormal delays in the settlement of claims, this sub-committee will make recommendations as to how such delays can be avoided.

The Member further stated that General Managers had already been instructed to notify the designation of other officers on whom also the notices of claims could be served, and if a notice had been served on

any of these officers, Railways should not put up a defence plea that the notice was not served on the General Manager. Asked by Mr. Pakes whether he was prepared to amend Section 140 of the Railways Act, he said it was not necessary to do so but the Railway Board, however, would take further action to ensure that the trading community did not have any difficulty in this matter.

Representatives of insurance interests connected with the Chamber pointed out certain anomalies which had already been brought out in their memorandum on the subject of claims. The first point related to power of attorney which was an expensive requirement made on claimants by railway administrations in some cases recently. Mr. Vasist said that this was a method for checking the actions of claims agencies. To safeguard both the railway authorities and genuine claimants, it was necessary in case of doubt to stipulate that a power of attorney should be filed. Several alternatives were considered but were rejected as unsatisfactory and the only assurance which Mr. Vasist could give was that cases were considered on their merits and power of attorney would not be called for where it was patently unnecessary.

The second point related to letters of subrogation, the Transportation Member said that a specific case of this which occurred in the Western Railway zone was currently being investigated by the Railway Board.

### APPENDIX B

*to the reply to Q : 19.*

*Letter No. 10431 dated 23rd December 1954 from the Secretary, The Bengal Chamber of Commerce & Industry, to the Secretary, Railway Board, New Delhi, and copy endorsed to the General Manager, Eastern Railway.*

I am directed to address you on the subject of running train thefts, a subject which has engaged the attention of railway authorities and of the Chamber during the past

few years. In 1952 in a memorandum prepared on the subject of legal work of the railway, the Chamber pointed out that one of the reasons behind the large number of

claims cases taken to court was the heavy incidence of "running train" thefts which railways alleged to have taken place. In your reply of 15th May 1953 on this subject you stated that railway administrations had been instructed to pass over to claimants whatever information was available in cases of running train theft and also the final decisions reached. At its meeting with the Member (Transportation), Railway Board on 8th January 1954, the Chamber again raised this subject and received the assurance that the Eastern Railway was doing its best by intensified watch and ward checks to prevent losses sustained in this way. Mr. Vasist asked that, if any definite information about the cause of thefts was received, it should be reported to the railway administrations concerned.

2. Despite the fact that this problem has been prominently before the Railway Board and the local railways for some time, reports from members indicate that "running train" thefts continue to be very frequent and the situation shows little sign of improvement. As suggested by Mr. Vasist the Chamber wishes to pass on to you some of the findings reached as a result of a recent survey which it carried out.

3. The subject of running train thefts affects the commercial community in two ways. On the one hand it is natural that the consignor of goods by train should be anxious to make physical delivery of his goods at destination to the satisfaction of the consignee. It is therefore of vital importance for him that the goods should travel unmolested and undamaged. On the other hand, traders are all anxious to ensure that they need not resort to the complicated claims procedure for losses sustained on the railway. The procedure for making claims is burdensome and becomes all the more troublesome when it is necessary to refer the matter to court. Railways make frequent use of the pretext that loss is caused by "running train" theft thereby denying any liability for the loss. This is a most unsatisfactory device which only leads to greater litigation.

4. It has been explained by the railway authorities to the Chamber that the term "running train" has a special meaning on the railways and denotes a train proceeding from one block station to another under "line clear." A running train theft therefore, is a theft on a train proceeding from one block station to another in this way whether the train is in motion or stationary during that period. The Chamber has also been informed by the railways that running train thefts of one variety or another are in everyday occurrence in spite of railway authorities doing their utmost to prevent the evil. The statement is very disappointing since the Chamber knows that special efforts have been made by the Railway Board during the past three years to eliminate such losses.

5. From a study which it has made during the last few months, the Chamber would put forward four suggestions to which some attention might be paid:

(1) *Greater liaison between the various security forces:* Running train thefts occur mainly

outside the limits of station yards. The watch and ward arrangements adopted by the railways are confined in the main to station yards only and therefore the prevention of running train thefts rests in a large measure with the civil police or with the railway police travelling with the train. For one reason or another, however, it is not often possible to detect a running train theft at the time of occurrence. It is therefore of utmost importance that the follow-up of such thefts is rigorously carried out if recurrence is to be prevented in the same area. For this purpose there is a need for greater liaison between the railway and the civil police to arrange joint surveys and picketing of likely areas. It is also felt that greater use should be made of police guard travelling on trains passing through localities where there have been frequent reported thefts.

(2) *Greater publicity* should be given to this whole subject. The tendency of certain railway authorities to withhold details of running train thefts which have occurred or which have been suspected, is a dangerous one and, unless the public are encouraged to help the railway authorities in tracing these occurrences, little improvement can be expected. It is known for example, that in the built-up areas on the route between Burdwan and Calcutta there has been a large incidence of cases of pilferage particularly pilferage from open wagons in which the assistance of local authorities might be enlisted. Unless the railway authority in such cases takes the local authority and the general public into co-operation there can be little hope of ultimate improvement.

(3) *The condition of rolling stock* is another factor, though it may not be so important from the point of view of losses. Thefts from wagons in a bad state of repair of course still take place but they are not unexpected. The disturbing fact about running train thefts is that despite the increased introduction of new and reconditioned wagons into service during the past few years, the number of running train thefts does not show any sign of decrease. Even with the increase in the number of new wagons available in the future, no great improvement can be expected. For this reason and for the reason that goods will continue to move in future in open wagons where the opportunity for pilferage of this kind is greater, the prime need is for improvement in the security services and greater vigilance on the part of railway staff and the travelling public. The Chamber is convinced that too much reliance cannot be placed on improvements of rolling stock to remedy these thefts.

(4) An analysis of the freight from which most pilfering is done, e.g., cases of expensive spirits and medicines, indicates that the gangs which operate running train thefts are working on inside information. The Chamber feels that in many cases this information must come from subordinate railway officials who are in possession of information regarding the loading of particularly valuable freight and the wagons where they are located. The Chamber knows that this point is already engaging the attention of the railways.

6. On the other aspect of this problem, the question of claims, the Chamber has noticed the natural tendency on the part of railway authorities to exaggerate the extent of running train thefts and to claim that pilferage which from other evidence could not have been a running train theft must be regarded as such. It has been reported to the Chamber that companies have inspected wagons from which running train thefts are supposed to have taken place and have found that the manner and location where the wagons have been breached, renders it physically impossible for a "running train" theft to have taken place. In other instances, entry into the wagon could not have been made whilst the train was only temporarily halted and evidence suggested that the loss must certainly have taken place in a station yard. Obviously the whole question is open to very much dubiety and a reasonable settlement can only be reached if both parties will exchange full information on the matter.

7. When the Chamber raised this matter with the railways in the past, the Railway Board was good enough to state that in cases of running train thefts "whatever information is available should be furnished immediately to claimants who should be advised of the final conclusions reached after investigation and given all relevant information." The Chamber is satisfied with this assurance from the Railway Board which it feels is a reasonable and acceptable procedure from the point of view of claimant firms and allows claimants in doubt to make the necessary investigations to confirm the railways contentions. In practice, however, the procedure is not generally followed and railway authorities do not pass over details of running train thefts and the grounds on which their conclusions are reached so that companies have no way of judging their correct position. The Chamber would therefore be obliged if instructions could be issued to railway authorities reminding them of their obligations in this matter and confirming that full information should be passed on so as to prevent unnecessary references of claims cases to the courts.

8. The Chamber hopes that these observations, which have been made as a result of a detailed enquiry carried out, may be of some assistance to the Railway Board and particularly to the new security branch of the Railway Board whose function, it is understood, extends to the prevention of thefts of goods from railway premises and trains. The Chamber looks forward to improvements with the establishment of this new branch of the Board with its important task of co-ordinating scheme to prevent theft of freight which has become such a regrettable feature of the service given by Indian Railways.

*Letter No. 2827-TC/D dated 20th February 1955 from the Assistant Director, Traffic, Railway Board, to the Bengal Chamber of Commerce and Industry.*

With reference to your letter No. 10434 dated the 23rd December 1954. I am directed to state that the Railway Board fully appreciate and also share the anxiety of your Chamber for the elimination of running train thefts on the Railways. There is no complacency in regard to this matter even though there is, in fact, a noticeable reduction in the incidence of such thefts.

2. The Railway Board are thankful to you for the several suggestions that you have made.

3. As has already been pointed out, the problem of running train theft has been prominently before the Railway Board and the Railway Administrations for some time past, who are taking all possible measures for the prevention of such thefts.

The Railway Security forces are being reorganised under the control of senior officers with considerable police experience.

The matter was also subjected to a detailed examination by the Director Intelligence Bureau, Ministry of Home Affairs and most of the recommendations in respect of Railway working have been accepted and the Railways instructed to act upon them.

4. It will, however, be appreciated that the prevention of crime is essentially a law and order problem.

The State Governments are being requested to pursue the matter with vigour and periodical meetings are already being held between the State Police, Government Railway Police, Watch and Ward and Railway Officers at different levels, in order to maintain close liaison between the different Departments.

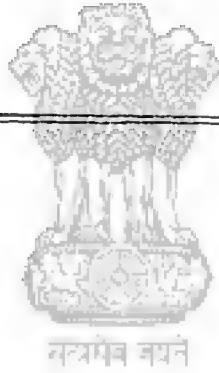
5. As for paragraph 7 of your letter, the General Manager, Eastern Railway will take suitable action on receipt of intimation in respect of specific cases. To enable him to pursue the matter expeditiously therefore he may please be furnished with specific cases where the Railway Administration have failed to give details of running train thefts and the grounds on which their conclusions have been reached.

6. In the end I would repeat that the question of prevention of running train and other thefts is receiving the constant attention of the Railway Board and the Railway Administrations, who will continue and intensify their endeavour to eliminate the incidence of such thefts as far as possible.

---

## SECTION III

Replies from Organisations other than Chambers of Commerce,  
to  
the Questionnaires issued by the Railway Freight Structure Enquiry Committee.



## ANDHRA

### The Guntur District Lime Fruit Growers and Exporters Association,

Morrispet, Tenali.

#### GENERAL.

We beg leave to present the following memorandum in answer to the questionnaire issued by the Railway Freight Structure Enquiry Committee on behalf of the Guntur District Lime Fruit Growers and Exporters Association, Morrispet P.O., Tenali, Andhra State, for your sympathetic consideration and favourable recommendation.

1. The Guntur District Lime Fruit Growers and Exporters Association consists of ryots who actually grow the lime fruit, and the growers themselves have formed into an association for the purpose of exporting the produce lime fruit to other neighbouring and distant states in need of the said commodity, for no one else would take the responsibility and risk involved in purchasing lime fruit from the grower (ryot) and export the same to other states as lime fruit is liable to quick deterioration and thus result in total loss.

2. In the Indian Union, Andhra State is the only State where lime fruit is grown extensively where fruit is grown in such large quantities, while meeting local needs is able to export the same to outside the state.

3. About 10,000 acres of rich land in Andhra are lime growing gardens and the annual produce of lime fruit is about 5 lakhs of imperial maunds of fruit. Out of the annual production of 5 lakhs about 2 lakhs of maunds are consumed internally and the remaining three lakhs maunds have to be and is exported to outside Andhra State namely, Bengal, Delhi, Bombay, Uttar Pradesh and Madhya Pradesh. Most of the lime fruit is exported to Calcutta and West Bengal is the largest consumer. In West Bengal lime fruit is used as a substitute for 'tamarind' in the south from the highest to the lowest and is an article of food in daily use.

4. West Bengal, Bombay and Madhya Pradesh also produce lime fruits but the production capacity of these states is so low, that they have to depend on exports from Andhra State for supplying the deficit in their needs.

5. It may be stated without any fear of contradiction that Andhra State is the largest exporter of lime fruits (sour) to other States and Tenali, Nidubrole, Tsundur, etc., in Guntur District; Palakol, Nidadavole, etc., in West Godavari District; Venkatagiri, Naidupet, Kovur, etc., in Nellore District; Kodur, Rajampet, etc., in Cuddapah District; Bezvada, Gudivada, etc., in Krishna District; are some of the largest exporting centres of lime fruit in Andhra State.

6. It is stated in the Coaching Tariff No. 16 which came into force on 1-2-1958 (issued by the Indian Railway Conference Association) in Chapter VII, Rule 157 *List of Articles charged at half parcels rate*. 'Vegetables' whether fresh or dry (page 167) Note:-The term 'vegetables' includes sour limes, lemons and tomatoes and in Chapter VII Rule 158 (of the same book) *List of Articles charged at quarter parcels rate at page 168 V fruits fresh*. Note:-The rates for fresh fruits are applicable to Bananas, Green-mangoes, papayas and Jackfruits.

Prior to 1948 before the revision of the freight structure in 1948, there was no two separate Classes as Fruits (Fresh) Vegetables (fresh or dry) and both were treated as same and half parcels rates were charged for fruits and vegetables alike.

7. The Rates Revision Committee in 1948 revised the then classification of fruit and vegetable in one category and a separate category for fruit fresh was created and 1/4 parcel rate was fixed in coaching tariff and thus the rates for fruit were reduced from the usual half parcel rates to quarter parcel rates, as fruits are of perishable nature, and have to travel over distances of and above 1,000 miles and as they are exported to outside States for consumption as pointed out above in para 3, and there was no corresponding reduction for vegetables as vegetables like Cabbage, etc., are mostly consumed locally and they were neither exported to other State nor is there any deficit of vegetables in the states.

8. The memorialists request permission to place before you that the classification of lime fruit sour as vegetables instead of classifying them as fruit fresh and placing them under the category of fruit fresh is wrong and works great hardship on the producer who is also the exporter.

9. The memorialists beg to submit :-

(a) that lime fruit can in no sense of the term be classified as a 'vegetable.' Vegetables mean any kind of plant of which the leaves, stalks, seeds or roots are used for food (e.g.) Potatoes, Carrots, Cabbages, egg plants, peas, and the life of a vegetable plant will not be more than one year and the vegetable plant begins to yield from the 3rd month to the 6th month.

(b) that in the case of fruit trees such as mango, oranges, limes, sapota, Anjoora, Batabia, etc., the trees begin to yield only after the 7th or 8th year at the earliest (after plantation) and the average life of the fruit tree ranges between 25 to 30 years.



10. When lime trees begin to yield like any other fruit tree only after the 7th or 8th year to classify lime fruit for purpose of Railway freight as vegetables and charge half parcel rates when mango (green) is classified as fruit, is to say the least unreasonable, unjust and inequitable, and is hitting very hard the producers and exporters of lime fruit in Andhra State who spent a good deal of their money, time and labour for 7 or 8 years to see that the lime trees in the gardens are properly nurtured, and are grown expecting a return for the money and labour spent only after 10 years.

11. The memorialists beg to state lime fruit (sour lime) is a perishable and the agricultural departments of all States and even the agricultural department of the Central Government have recognised lime fruit as a fruit, but the Railway department was not pleased to classify lime fruit (sour) as a fruit and classify it as such for purposes of tariff.

12. We beg to further submit that limes though sour have not been used and are not used as a vegetable for purposes of curry by any one in any state, only the juice of lime is extensively used by one and all and the fact that the juice alone is used is an index to show that lime is a fruit and not a vegetable. The taste of the fruit whether sour or sweet can never be adopted as the criterion for classifying 'lime fruit' under the denomination of vegetables. For that matter green mangoes which is classified as fruit fresh in the coaching tariff is used for pickles and it preserves for one year if not more.

13. We therefore venture to submit that the sweetness or the sourness of the fruit is not the test by which a particular product is to be classified as fruit or vegetable but the preservative and standing nature, and the purpose for which it is put in daily life, and other factors. It may not be out of place to bring to your notice that the maximum period during which the lime fruit can be preserved is ten days and no more.

14. In addition to the above we beg to state that on account of the inordinate delay in the carriage of lime even by passenger train from Tenali to Calcutta (the period of transit which is now 10 days or one week at the minimum) the lime fruit loaded at Tenali for export to Calcutta are reaching the place of destination in a putrified and much damaged condition, major portion of which are fit only to be thrown out as unfit for consumption and we the producers, and exporters are incurring any amount of loss, and are sometimes out of pocket of the amount of freight also which is prepaid.

15. It may not be out of place to mention that out of the 5 lakhs of maunds produced in Andhra State, after deducting the quantity of lime fruit used for local consumption the balance of 3 lakh maunds of lime fruits goes out of the state and travels over a distance of more than a thousand miles for sale at the other end. We submit about 1/3 of the sale price of lime fruit at the place of destination in Bengal, Delhi or Bombay covers the railway freight paid for carriage from Andhra State to the States of Bengal, Delhi or Bombay and the consumer is compelled to pay about 1/3 of the value towards railway freight alone.

16. Therefore to the Qs: 9 and 10 of the questionnaire issued by the Railway Freight Structure Enquiry Committee we suggest that limes sour may be removed from the list of 'Vegetables' as it is at present classified in the coaching tariff and put under the category of 'Fruit fresh' taking into consideration the submissions and representations made in paras 8 to 15 supra thus enabling us the growers and exporters of the lime fruit to pay quarter parcel rates and not half parcel rates as is done at present.

#### PART I-A.

Q: 16. With reference to question No. 16 of the questionnaire we have to state that in Appendix G, Goods Tariff No. 29, General Rules which came into force from 1-6-'54 the minimum weight for a wagon load of fruits was fixed at 270, 220 and 150 maunds for B.G.W., M.G.W., and N.G.W., and the minimum loads of vegetables (classed as otherwise not classified) are the same.

As submitted above limes (sour) are classified as vegetables not otherwise classified and therefore the minimum wagon weight loads come to 270, 220 and 150 maunds as the wagons are B.G.W., M.G.W., or N.G.W. In this connection we wish to bring to your notice lime fruit being perishable and liable to damage on account of the least pressure exerted, and as they are sent from the several places of production in the Andhra State to places in West Bengal, Bombay, Delhi and other places which are at a distance of over and above 1,000 miles, the limes are sent carefully packed in baskets and put on the floor of the wagon when so placed on the floor of the wagon B.G.W., the maximum weight loaded will be between 120 to 150 maunds and another row of baskets cannot be placed over the rows placed on the floor for the reason that the weight, and the consequent pressure exerted by the baskets placed in the second row on the rows placed under announces to the deterioration and putrefactions of the lime fruits in the lower row of baskets. To avoid such unpleasant contingency namely the deterioration and consequent total loss, we the producers and exporters of the lime fruits have been loading in the B.G. wagon lime fruit baskets weighing between 120 maunds and 150 maunds only and have been paying for the minimum weight of the wagon 270 maunds thus paying for over 120 maunds and more even on some occasions. As there are no tier arrangements in the wagons (B.G.W., M.G.W., or N.G.W.) now put on rails, it is not possible to load the lime fruit baskets except on the floor and only in one row for if the baskets are put one above the other there is always the certainty of the fruit in the lower baskets become damaged and useless for consumption. Hence we submit that in the present state of wagons the minimum load has to be reduced rather than increased.

We beg to bring to your notice that we were paying only for 120 maunds on the basis of telescopic wagon weight scale prior to 1948 before the revision of freight structure and now on account of the fixture of minimum wagon load for B.G., M.G., and N.G. We, the exporters, are out of pocket by way of payment of excess freight for goods not loaded in the wagon. Further we wish to submit that the wagons either

B.G.W., M.G.W., or N.G.W., now on the rails are closed, covered wagons with no ventilators, and hence the lime fruits loaded in these wagons even in single rows on the floor of the wagon itself are liable to get spoiled and damaged due to want of free flow of air and due to the heat of the floor of the iron wagon and much more to if a second row of baskets is placed on the first row.

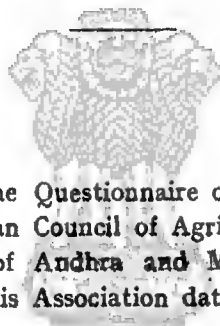
Therefore, we beg to submit that for the more convenient and better export of lime fruit it is necessary and just that the minimum weight of wagons carrying lime fruit and such other fruits liable to damage and decay should be brought down to 150 maunds and the wagons provided with ventilators for ingress and egress of air should be put on rails.

*Copy of letter No. 1031/55, dated 17th December, 1955 from the Guntur Dt. Lime Fruit Growers & Exporters Association, Morrispet, Tenali (Andhra) to The Secretary, R.F.S.E.C., Calcutta.*

Sir,

*Re: Our reply to the Questionnaire dated 12—11—55.*

*Ref: Your office acknowledgment letter No. RFSEC/QR/CH/ASSO. dated 25—11—55*



In continuation of our reply to the Questionnaire of the R. F. S. E. C., we are herewith sending the copies of the replies received from the Indian Council of Agricultural Research, Queen Victoria Road, New Delhi and the Agricultural Departments of Andhra and Madras as an evidence that Lime is a fruit as stated in para 11 of the Memorandum of this Association dated 12—11—55 in reply to the Questionnaire.

We request you to add them as Annexure I, II and III and acknowledge the receipt of the same.

Thanking you,

Yours faithfully,

(Sd.) ———,

*Secretary.*

## ANNEXURE I

INDIAN COUNCIL OF AGRICULTURAL RESEARCH, QUEENS VICTORIAL ROAD, NEW DELHI.

No. F. 30(4)/55—A-11

Dated, the 2nd December 1955

From  
The Under Secretary.

To  
Shri D. Venkatrao,  
Vice-President,  
The Guntur Dt. Lime Fruit Growers &  
Exporters Association, Morrispet,  
Tenali (Andhra).

*Sub:* Lime Fruit — Classification as Fruit or Vegetable by the Agricultural Dept. —  
information — requested

D/Sir,

With reference to your letter No. 1022/55 dated the 15th Nov. 1955, I am directed to say that the lime fruit may be classified as fruit.

True copy.

(Sd.) \_\_\_\_\_,

Secretary,

The Guntur Dt. Lime Fruit Growers &  
Exporters Assn., Morrispet, Tenali.

Yours faithfully,

(Sd.) \_\_\_\_\_,

for Under Secretary.



ANNEXURE II

AGRICULTURAL DEPARTMENT.

From  
Sri P. P. I. Vaidyanadhan, I. C. S.,  
Bar-at-law, Director of  
Agriculture, Chepauk, Madras.

To  
The Vice-President,  
The Guntur District Lime  
Fruit Growers & Exporters  
Assn., Morrispet, Tenali  
(Guntur Dist.)

L. Dis. Y. 1600/55, dated 10—12—55.

Sir,

*Sub:* Lime Fruit — classification as 'fruit'*Ref:* Your letter 1022/55 dated 15—11—55.

Limes are grouped under Citrus fruits and hence are only fruits and not vegetables. Agmark specifications have also been fixed for lime as a fruit and acreage data under citrus fruits as published in the 'Season & Crop Reports' also include limes.

By Order.

True copy.

(Sd.) \_\_\_\_\_,

Secretary.

Yours faithfully,

(Sd.) \_\_\_\_\_

Gazetted Assistant.

The Guntur Dt. Lime Fruit Growers and  
Exporters Assn., Morrispet, Tenali.

## ANNEXURE III

## DEPARTMENT OF AGRICULTURE AND FISHERIES.

From

Sri I. J. Naidu, I. A. S.,  
Director of Agriculture &  
Fisheries, Andhra,  
P. B. No. 5252, Madras-2.

To

The Vice-President,  
Guntur Dist. Lime Fruit Growers &  
Exporters Assn., Morrispet,  
Tenali (Andhra).

L. Dis. Marketing 3-1448/55 dated 1-12-55.

*Sub:* Lime Fruit Classification as fruit or vegetable by the Agricultural Dept. —  
information — requested.

*Ref:* Your letter No. 1022/55 dated 15-11-55.

—  
Lime is considered as a fruit.

  
BHOPAL

The Bhopal Sugar Industries Ltd.,

Sehore.

—  
GENERAL

For the planned development of Industries it is of vital importance for the Railway to consider the following two things:

- (i) Increase the supply of wagons to cope with increased traffic.
- (ii) Leave the transport of bulky articles like Iron & steel, coal, salt, petrol, manures etc. to sea and river transport wherever possible. Similarly short-distance transport should be left to the Road transport.

The Railways will thus be able to release wagons for other traffic which badly suffers at times. We are afraid, the development of Railway facilities may not keep pace with development of industries and agriculture and so it is necessary to re-allocate the traffic as suggested above.

In order to assess correctly the freight rate structure for transport of goods it is necessary to quicken the turnover of wagons. For the present, our experience is that, for some reason or the other, turnover of wagons is not quick as desirable. This results in lessening of Railway income and consequent tendency to take the line of

least resistance and increase Railway freight instead of setting right the drawbacks of the Railway Administration.

With regard to Q: 2 (a) & (b), we regret to say that the Railways do not consider the legitimate needs of the industries as regards reduction in freight of raw materials. For instance this industry is starved for want of cane although cane is found in abundance in the adjoining Province of Madhya Bharat. This cane is to be brought by railway transport. We have made out a case for reduction in the Railway freight for our raw material but without result so far.

Regarding freight on liquid commodities moving in Tank Wagons it would be a prohibitive charge if Railway freight on haulage of empty tank wagons is added to the freight for transport of loaded tank wagons. Liquid commodities are differently priced; some higher and some at lower price. The consumer will have to bear a disproportionately heavy charge where the price of the commodity is not much.

## PART I-A.

Q: 23. In our opinion it would be advantageous to have a freight pool with regard to certain bulky commodities like coal, iron and steel, petrol, cement, chemical manures and salt etc. In this case it would be necessary to exclude from the benefit of the freight pool such traffic moving over a minimum distance.

Q: 26. With the development of the country and its industries there will be commodities produced for export. Unless the railways adjust their freight policy to reduce the cost of such goods from outside it will be difficult to face competition from the world trade and the freight rates will have to be cut down with increasing volume of traffic carried by the railways. This will give a direct encouragement to the development of the country and its industries.

Q: 27. Last year this factory had made representation for giving special short distance rates for its raw material viz., sugarcane to be hauled from Madhya Bharat Stations. The movement of this raw material would be regular and bulky if this special rate is given. Last year this was not permitted and this year we have made out a full case again but so far no final decision has been reached and intimated to us.

Q: 30. Fixing of station-to-station rates leads to favourable treatment to certain items and is not desirable from the point of view of treating everybody alike. However, if any exception is to be made it should be on the basis of sound ground such as benefit accruing to a large number of consumers.

Q: 31. It has been suggested above that in the case of certain industrial products which have a market in foreign countries and in respect of certain industrial products which face competition from outside, it will be necessary for the railways to waive

consideration of economics with a view to foster the growth of the industries.

Q: 34. The suggestion made for developing certain under-developed areas by adopting inflated charges is worth considering since ultimately this will result in the good of undeveloped areas.

Q: 37. The development of village and cottage industries has secured an important place in the economics of the country and it would be in the fitness of things to assist these industries by lowering down the freight structure in such a way that it will materially help them in facing competition as such goods can be produced at a higher cost only in comparison with well organised industries. Development of such village and cottage industries will help remove unemployment or under-employment and all that the Rlys. can do to help them will be welcome.

Q: 45. Rly. freight forms a big item in the cultivation of sugarcane by the factory. The chemical manures, oilcake, diesel oil and other stores required for the farms are transported by the Rly. The cost of production of such raw material is directly dependant on the cost of the Railway freight on these bulky items. It is desirable that the Rly. freight on such bulky items of transport is suitably reduced so as to give encouragement to the industries.

Q: 47. In the matter of disposal of farm produce the institution of co-operative societies will be very helpful. These bodies would be in a position to store the materials and dispose of the same in favourable markets. They will also be in a position to arrange with the Rlys. in an efficient manner for the transport of the merchandise stored by them at appropriate times when market is favourable. The work of construction of warehouses should be left to these co-operative bodies.

---

## BIHAR

### Indian Coal Merchants' Association,

Jharra (Manbhum).

---

## GENERAL

The Association deems it inappropriate to treat each question separately. So the Association would like to place before your Committee its views and suggestions regarding the following intriguing problems which vitally affect the coal trade and are cognate to the question of any increase of freight on coal:

1. *The overall situation of the country unfavourable to increase of freight on coal.*—Coal as an essential raw material and a major fuel in India automatically plays a vital role in the economic structure of the country. The cheaper the price of coal to the consumers, the lesser the costs of production, the greater the demand for goods, the better the econo-



mic condition of the people. This is too well known a chain reaction of economic forces—a well-tried and thoroughly tested practical maxim. To neglect it for a pretty long time is to invite unnecessary troubles and unmerited hardship.

The freight rate of coal had already been increased in 1952. Recently the price of coal/coke has been statutorily increased. The burden on the consumers, big and small has already reached the optimum. A further increase in the price of coal by enhancing the Railway Freight is therefore inadvisable.

Moreover one should bear in mind that India is launching very soon the gigantic 2nd Five Year Plan, with staggering targets. An unbalance, however slight in the economic situation, might prove a great hindrance to the difficult uphill journey to industrial progress.

It is therefore inexpedient to increase Railway Freight at present.

2. *Shortage of coal/coke in wagon en route.*—The frequent shortages of coal/coke in wagon en route worsens the situation. To receive less quantity of coal/coke than what the consumers pay for, in price and freight and to other charges, is tantamount to an increase in the overall costs of coal to consumers.

In season and out of season a baffling situation has to be faced when reweighing the coal at destination, the consumers find, to their utter surprise and despair, that the actual weight is appreciably shorter than the invoiced weight.

Complaints are invalidated by a stereotyped formula-like reply from the Railways to the effect "that the wagon in question was correctly weighed on an automatic machine which is kept in perfect order by periodical test, that the load of the wagon was not interfered with in transit, that there was no delay in transit and that the contents were delivered under clear receipt."

This reply, though legally flawless never solves the problem. Whether shortage is a false or true alarm can be easily ascertained by the Railways, by keeping an arrangement for reweighment at destination. This is however not provided in all stations. Nor do the Railways accede to the consumer's request to get the coal reweighed on private scales in the presence of the Station Master or any Railway staff. Reweighment at destination of coal/coke booked at owner's risk is never allowed. In the cases of lime, sand etc. even when booked at owner's risk, it is understood, reweighment is however allowed. This unequal treatment to coal/coke seems totally unjustified. Moreover such a practice contravenes the provisions of Sections 27 and 28 of the Railways Act of 1890.

Deprived of the facilities of reweighment, the consumers when in doubt, reweigh the coal, after taking delivery, on their private scales, in the presence of a few local gentlemen and the siding Inspector of the State Government, and report shortage if any to the Railway authorities.

While admitting that coal by its nature is susceptible to loss of weight in transit by rail and some loss in weight is therefore unavoidable, the Railways never acknowledge that there can be any appreciable loss of

coal/coke in transit. All claims on account of shortage of coal/coke transported at owner's risk, are therefore repudiated, without the least consideration.

No consumer of coal, big or small would care a bit, if the shortage was really negligible. Shortages are, however, so sizeable and frequent that the consumers cannot but be alarmed. A loss of two or three tons or even more is almost a regular event. The total quantity of coal thus lost and the heavy financial burden for coal value, Railway Freight etc., suffered by the consumers because of that make the actual price of coal rather too high.

(3) *Pilferage*: The main cause of the shortage is apparently pilferage. Both the Railway Corruption Enquiry Committee and the Fuel Economy Enquiry Committee after thorough study of the cases of pilferages, avowed that pilferages were becoming a grave menace. Protection of open wagons by special device and surprise reweighments are the two concrete suggestions put forth by the above committees for checking pilferages. The Railways however do not attach any seriousness to this problem. Besides issuing occasional statements promising stricter vigilance of wagons, in reply to complaints by the consumers or their agents, they have not yet taken any tangible steps to stop pilferages. Driven to extremity by such callousness, one cannot think that unless the railways are made responsible for the loss enroute, thefts of coal are not likely to diminish.

(4) *Loading Practice*: Inadequate loading space in certain types of wagons, especially low sides opens, in relation to their marked carrying capacity is another cause of shortage. The marked carrying capacity never indicates real carrying capacity. A concrete example will make the thing clear. A wagon with area of 182 sq. ft. and height 5 ft. 3 inches has a total space of 965 cft. approximately. Now soft coke at 55 cft. per ton can be loaded only upto 17 tons 5 cwts. But the marked carrying capacity is generally fixed at as high as 22 tons.

This is all the more complicated by the stringent rules of underloading charges. To avoid this charge coal is loaded even up to 2 ft. above the sides. The coal at the top being in an unstable position either falls down due to jerks or is easily pilfered.

The only remedy for this lies in minimising the "W" condition (the minimum weight condition for qualifying for a wagon load rate) and liberalising the rules of under loading charges in the case of coal/coke.

(5) *The Anomalous R/R*: The erratic nature of R/R for coal as a document of weight is another loophole through which shortages occur.

The railways' charges are estimated on the basis of weights recorded in R/R. But when there is any discrepancy at the time of delivery the Railways themselves challenge the authenticity of the R/R by saying that "no admission is conveyed by the R/R that the weight shown therein has been received, which is a rough data for collecting Railway Freight." How utterly contradictory this obviously is.

6. *Supply of covered wagons preferable*: supply of covered wagons should be increased

specially for loading coke to minimise the risk of coal/coke transportation. The open wagons evidently give free and tempting scope to pilferages and it is especially from these wagons that coal/coke escapes during shunting and movement.

To ensure safe transit of coal—consumers are preferring to get their coal transported in covered wagons. There is at the present moment a big demand for covered wagons. But for a paucity of covered wagons the Railway is unable to meet this demand. Even in the case of Coal/Coke transported at Railway Risk it sometimes becomes difficult for them to supply covered wagons.

7. *Switch over to other fuels:* The existing high price of coal and increased Railway Freight coupled with loss due to shortage are making the overall cost of coal rather exorbitant to the consumers. Besides, under the Colliery Control order, they have compulsorily to take certain percentage of inferior coal. Added to this the scarcity of wagons is a constant headache for them. Indeed in some places in India, the situation has become so desperate due to all these reasons that consumers are switching over to alternative fuel like oil. Further increase of freight at this stage will only accelerate the changeover from coal to alternative fuel. This tendency will not only have serious consequences for the coal industry and trade but also bring about a heavy fall in Railway revenue. When Railways require huge finances to complete expansion plans such loss of revenue will hamper the smooth implementation of the plans.

8. *Wide disparity between Railway freight at Railway Risk and at Owners' Risk:* The rate of freight of coal/coke etc. in full wagon-load at Railway Risk is 20% higher than at owner's risk, provided it does not involve any transshipment due to break of gauge involved. Coal, Coke etc. in bulk at Railway Risk involving transshipment en route due to break of gauge will be charged at class I rate plus usual terminal and transshipment charges.

Thus the freight at Railway Risk is so much higher than the rate for owner's risk that consumers can ill afford to book at Railway Risk even when they prefer the same because of comparatively lesser chance of shortage.

This high rate is apparently not based on any exact calculations. It is necessary that it should be properly estimated and fixed reasonably. If there is a small difference between Railway Freight at R/R and at O/R more and more consumers will be interested in booking coal/coke at R/R.

9. *Weigh Bridge-Wise Freight:* At present Railway Freight for a destination on consignments booked from one and the same booking station (Weigh Bridge) differs because the distance between collieries and Weigh Bridge is taken into consideration, which was not done in the past. The present system creates difficulties unnecessarily. It is therefore, suggested that the Railways would revert to the old practice of charging a fixed rate from each weigh bridge irrespective of its distance from the collieries under it. This will simplify the matter and will remove many anomalies

which are prevalent due to present system.

This Association would request your Committee to thoroughly judge and weigh and points discussed above, before arriving at any conclusive decision.

#### PART I.A.

Q: 4. The Indian Coalfields Committee reporting in 1946 had recommended that the then prevailing two telescopic rates, one for distances upto 400 miles and another for distances over 400 miles should be changed by abolishing the telescopic rate for distances upto 400 miles so that there would then be only one telescopic rate. Instead of this abolition, four telescopic rates have been introduced, one upto 200 miles, then upto 400 miles and so on with a maximum of Rs. 23/2/- per ton for 1486 miles and upwards.

There is not much sense in charging for a distance of, say 2,000 miles at the same rate as for 1486 miles. But the difference between the first slab rate which is 0.30 pie for the first 200 miles and the second slab at 0.10 pie for the next 200 miles is rather great. If, therefore, the traffic, beyond 1486 miles, instead of being carried free, is appropriately charged, the corresponding relief should be given to the first 200 miles.

Q: 23. A pooled freight for coal for all distances is unthinkable. But the merit of a zonal pooled freight system may be considered.

Q: 26. Coal is a basic raw material and deserves to be carried at the lowest possible rate in the interests of general industrialisation. That is why coal enjoyed a preferential rate prior to 1948. The Coalfields Committee of 1946 had approved such preferential rate. But the railways not only increased the coal freight rate in 1948 but in 1952, the rate was again increased all at once by about 30%. Thus coal is no longer a commodity enjoying low rates.

The Second Five-Year Plan contemplates a vast increase in industrialisation. During this plan period, the output target to be reached by 1960 is 60 million tons, an increase by 62% over the present level. The Second Plan is intended to be predominantly a Plan for development of industries. This development cannot be achieved unless coal supply in appropriate quality, in ample quantity and at cheap rate has been ensured. High railway freight rate is a definite hindrance and is likely to be a heavy strain on various producing industries. The Railways themselves will have to be expanded tremendously with corresponding increase in coal consumption.

It is highly desirable, therefore, that the railway freight rate prevailing now should be considerably deducted to the level which prevailed prior to 1948 or at least to the level before the 30% increase imposed in or about 1952.

Q: 29. The revision of the freight structure on coal in 1948 was unfavourable to industrial development because it increased the cost on energy and fuel. The remedy should be a return to the pre-1948 level of freight rate.

PART I-B  
ANNEXURE VII

1. TOTAL PRODUCTION OF COAL IN INDIA

1938—28,342,906  
1939—27,769,112  
1947—30,073,146  
1948—29,822,257  
1952—36,222,531  
1953—35,846,898  
1954—36,773,605  
1955—Not available yet (complete figures).

2. COAL PRICES

1938—Rs. 3 12 0 per ton (all India)  
1939—Rs. 3 9 0

	Selected A	Selected B	Grade I	Grade II	Grade III-A	Grade III-B
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1-2-45 to 8-7-47	13 5 0	12 5 0	11 7 0	11 1 0	10 11 0	10 5 0
9-7-47 to 20-4-49	16 13 0	15 13 0	14 15 0	14 9 0	14 3 0	13 13 0
23-11-49 upto date subject to notes below	16 4 0	15 4 0	14 6 0	14 0 0	13 12 0	11 9 0

Note:—(i) The above prices are for steam, rubble and smithy and the prices of R.O.M., Dust and Slack were just about a rupee less.

(ii) In recent time a cut was imposed on the prices of Grade II Coal, an increase of 3 annas per ton was granted on all coals down to Grade I due to cess adjustment and another increase of 3 annas of Coking Coal under pegging.

3. The increase in railway freight rates on coal about 30 per cent since 1952 has had a very adverse effect on the coal trade generally and on lower grade coals in particular. The increase affected the industrial coal consumers whose production costs rose correspondingly. As the railway freight was the same on all grades of coal, the consumers naturally preferred purchas-

ing higher grade coals so that they might get more heating values or calories by paying the same freight. This had the effect of reducing the demands of lower grade coals, particularly from destinations at long distances from the coal-fields.

4. Figures not available in this office.

BOMBAY

All India Starch Manufacturers Association,

Bombay.

PART I-A

Q: 1. In revising the general classifications of the goods and introducing the telescopic rates on continuance mileage basis as between individual administrations, the Development Committee has tried to meet long standing complaint against Railway Administration of the trading community generally and of the few important long established industries that were in existence in pre-war period. In so far as the telescopic rates are concerned they are doubtless based on scientific lines and by and large are helpful to the Trade and Industry generally. This cannot be said, however, about the revised classifications. In so far as they are based on the broad natural grouping of commodities, such grouping may be considered satisfactory and perhaps the Com-

mittee has attempted to meet some requirements of long established industries in respect of which the industry had already placed their case and given sufficient data in justification. Whatever new industries had developed since the war, they have had no data to prove and justify a change in classification nor was it deemed urgent so long as the sellers market prevailed. The freight structure recently revised is based, all the same, upon the hundred years experience of the Colonial era, and falls much short of the present day requirements when the industrial activity has been on the increase and is being further accelerated by the Governments' concentrated efforts at the planned economic development of the country with the emphasis on Industry.

Q: 2. It is not easy to visualize or anticipate the difficulties or requirements of different industrial units and to lay down a Fixed Policy on an All-India basis in the matter of classification of goods, when the industries are so fast developing. The present need is to maintain the utmost flexibility which unfortunately is absent at the moment. The frame laid down in 1948 by the Departmental Committee based upon pre-war data as regards classification and rate structure is regarded as sacrosanct and whatever discretion is allowed to the individual zonal Administration is not being exercised. In fact no change is countenanced despite recommendations of the Tariff Commission and the other ministries of the Government who are directly responsible for the particular aspect of the development programme. We have to refer in this connection the case of the Chemical Fertilizer Industry, to whose representations the Railway Board turned a deaf ear and the individual railway administrations in all cases replied in a stereotyped form to say that no special case had been made out for a change. Since the last revision there are instances where industrial raw material and finished products which are moving invariably in wagon loads have not been quoted special wagon load rates at all. When there is scarcity of freight perhaps such commodities might move in wagon loads but there is certainly no incentive to do so and there is a strong tendency to load to the barest minimum capacity.

Q: 3 & 4. The class rates at present quoted are 15 and are sufficient in number and broadly they are proper in relation to one another. The wagon load rates quoted, however, are relatively too few considering the necessity to encourage movement in wagons loaded to fuller capacity. In a relatively small country like Italy there are as many as 45 to 47 wagon load rates and considering the diversity of traffic moved and the longer average hauls obtaining in India, we feel there is a strong case for materially increasing the number of wagon load scales enabling more appropriate classification of various commodities on the basis of their price. In addition the Railway Administrations should freely exercise their discretion and introduce sufficient flexibility in changing the classification of the goods to meet individual Industries, traffic needs for a fuller and more vigorous implementation of the Plan. It is observed that the average haul is between 200 to 300 miles. In this country of long distances with a unified economy, therefore, the number of legs and the distance in each, seem to be inadequate both in respect of class rates and wagon load scales. This is particularly so in respect of heavy traffic covered by the first few classes. The need to limit maximum rates which have been introduced brings out this aspect of the question and some modifications have also been effected during this year in wagon load scales. It is also observed that the rates quoted for distance beyond 600 miles, even in the first few classes are much too high compared to the permissible minimum. It is, therefore, suggested that the distances should be halved in class rates at least in the first leg and the number of legs in the wagon load scales should be suitably increased to four or five in such a way that without providing for any free haul

now envisaged beyond certain distances, the total freight on longest possible distance does not exceed the minimum rate prescribed.

Q: 5. The levy of terminal, short distance, and transshipment charges, in our view is sound in principle being a specific charge for a particular service. There is also the minimum charge and these cover almost all the cost factors other than the cost of conveyance. These should be continued, therefore, subject to a reduction in the telescopic rate to correspond to conveyance charge alone.

Q: 6. We don't think that any change in the distance unit for charge from the accepted standard is necessary to provide for the long hauls that are inevitable in this country. This could very well be done as suggested in reply to the question 3 by changing the distance and the number of legs.

Q: 7. Having regard to the fact that (i) the working expense on Railways is very much higher for short hauls and (ii) that there is shortage of the rolling stock and (iii) for fairly large part of the year farm transport is idle, we don't see any necessity to alter the existing minimum distance charge of 20 miles.

Q: 9 & 10. Broadly the commodities are being classified in their natural groups and there is no objection to the method of classification; but in our opinion each group should be sub-divided on the basis of price. For instance, the group of grains and pulses includes rice, paddy, wheat etc. which are high priced finer grains and maize, barley, oats, bajara and other coarser varieties which are comparatively low priced. Further there might be instances where certain commodity falling in one natural group might be used differently. As for instance maize and jowar classed as foodgrains are used as industrial raw material and would require special consideration. Apart from sub-grouping of the commodities based on price factor there should be a provision for quoting rates for industrial raw material and/or exportable commodities. Our suggestion to increase the number of wagon load scales, as is done in Italy, is directed to this end.

Q: 11. Subject to other considerations the freight rate differential on small and wagon load traffic must correspond normally at least to the lower operational cost; and we feel that to encourage better turnover of the wagons it would be desirable to quote specially low rates.

Q: 12 & 13. The minimum of Rs. 1-12-0 per ton for wagon load consignment compares unfavourably with "smalls" rate of a minimum of 6 pies per md/mile. In our view this should, therefore, be reduced to a minimum of 8 As. per ton in the lowest scale and stepped up in suitable stages varying with the class of commodity.

The minimum charge of Re. 1 for consignment of smalls seems to be fairly reasonable.

Since this higher charge is primarily meant to cover administrative cost which is fairly constant per consignment, we don't think there is any case for levying a variable charge with the commodity.

Q: 15. Having regard to the fact that there is minimum charge per consignment and every conceivable cost item is covered by a specific charge, we don't think it desirable to raise the minimum rates for smalls unless there is a case made out on general financial grounds. Nor do we think it desirable to put small consignments upto a specified weight in one class, which would broadly have the same effect.

Q: 16. We do think it proper, to ensure better utilisation of transport capacity, to revise in the upper direction the existing "W" condition by laying down the minimum weight or volume (whichever is greater) depending upon the wagon capacity. This minimum should be approximately 80% of the carrying capacity (by weight or volume) and also to give rebate in freight rate on quantity loaded beyond this minimum. We don't think, however, that there is any case for increasing the present levy even on smalls.

The question whether there is any need to generally increase the freight rates either to meet the increasing operational cost or to meet the development expenditure has been discussed in the later part of the Memorandum.

Q: 17. The operational cost on movement by train load consignment would definitely be lower. It is, therefore, desirable to have special train load rate wherever practicable. It is doubtful, however, whether it could be possible to get such traffic except from a few large industrial units like Sindri. The basic objective of increasing the train speeds and the turnover of the rolling stock could be achieved by increasing the number of bulk traffic scales and offering next lower scale for each extra wagon load or any reasonable unit offered at a time. This scheme should operate both in wagon load and station-to-station rate. This would enable particularly the bulk movements of industrial commodity at the lower "fair rate" without the Railway having to "pay" for this reduction at least not to the full.

Such consignments could be allowed without cutting into the minimum quota of wagons necessary for all other types of interests concerned and should be organised based upon a programme arranged with the consignor guaranteeing minimum wagon quota over a period.

Q: 18. An additional charge for any extra facilities is only natural. It depends, however, upon what is meant by "special express goods service". On Indian Railway the consignment takes anywhere upto a month to cover a distance of 1000 miles and as early as in 1939 the Wedgewood Committee recommended the acceleration of service. A faster service should not normally be called express when speedier transport is necessary for achieving optimum efficiency and reducing operational cost. A speedier delivery can be termed "Express" only if it is done faster than with the general optimum speed. What is optimum will depend upon the local conditions but the current Indian normal of 10 miles/hr. against Germany's 21 miles doesn't seem to be optimum.

Q: 21. (a) We agree with the view that the Railway should not carry small distance traffic where alternative mode of transport is available. What can be regarded as the "short distance traffic" would depend upon the available mode of transport. This distance may be placed at what the available type of transport could cover in one day.

(b) Yes.

(c) Yes.

Q: 25. While we do advocate "freight pools" for essential commodities like coal, iron, cement, fertilizers etc. which are required to be moved over long distances, we do not think it desirable that the railways should organize or administer them nor should the normal freight policy be modified for this purpose and any commodity be made an exception to the normal rule of "the minimum distance traffic".

If the railways were to quote uniform rates for all distances under freight pool scheme it might lead to cross-traffic and might encourage over-sized industrial centres, blocking out, atleast to some extent, the present scheme of diversified industrialisation, and retard advancement of backward areas.

At any rate this policy would lead to concentration of the Jute Industry in Calcutta and would discourage putting up of the mills in different areas in the jute belt. Apart from the economic factors defence strategy requires dispersion of the industrial units. We, therefore, do not advocate Railways framing a freight policy which might conflict with the National Plan.

We, therefore, suggest that the freight pool wherever necessary or desirable should be organised and administered by the industry concerned under overall supervision of an appropriate private or Government Agency and the railways should not be burdened with this responsibility when there are other appropriate and interested agencies which can form and organise such Pools better.

Q: 26. As we have already advocated, we suggest incorporating flexibility in the freight structure by increasing the number of standard wagon load scales (*vide* reply to Q: 3) and leaving the zonal railway authorities freedom to quote appropriate scale from and to important factory stations or industrial centres for the transport of raw material and the distribution of their products respectively. We think there is need to go back to the flexibility as was obtaining prior to 1948 revision when the different administrations were free to quote rates between maxima and minima laid down by the Railway Board.

Q: 28. Special rates and station-to-station rates for movement of Rock-phosphate, Sulphur and Chemical Fertilizers were requested. These were generally refused on the ground that no case has been made for reduction despite the considered opinion both of the Tariff Commission and Ministry of Agriculture. (The gist of the correspondence between one of the members of this Association is enclosed herewith).



*Excerpt of the representation made to the Chief Traffic Manager, B. B. & C. I. Railway, Bombay on the suggestions of the Railway Board in their letter to the Ministry of Agriculture.*

Chemical Manures were not separately classified in 1943 and a flat rate for all manures, chemical or otherwise, including farm yard refuse, fish manure, municipal town sweepings, oil cakes, etc. were quoted under class 1 at a maximum rate of .38 pie per md/mile with a wagon load rate under class CF of .14 pie per md/mile. Now a differentiation has been made between manures and the chemical fertilizers. The former attract a telescopic rate under class 1 of:

.49	pie per md/mile	on the first 300
.45	"	" on the next 300, and
.40	"	" beyond,

with a wagon load rate under class WL/A of:

.25	pie per md/mile	on the first 100,
.20	"	" on the next 300, and
.15	"	" beyond,

while the chemical manures are classified separately and are charged under class 2 with a telescopic rate of:

.54	pie per md/mile	on the first 300,
.49	"	" on the next 300, and
.45	"	" beyond,

with a wagon load rate under class WL/B of:

.48	pie per md/mile	on the first 100,
.32	"	" on the next 300, and
.23	"	" beyond.

In effect the wagon load rate on Rockphosphate from Bombay to Asarwa, a distance of about 308 miles, has gone up, inclusive of terminal charges, from Annas 4-10 per md. to Annas 10-9 per md.

In view of the necessity for reducing generally the cost of manures to the farmers for encouraging the *Grow More Food Drive*, we feel that the freight rates on both the raw materials, and the finished products should be lowered to the barest minimum of .16 pies under class 1 if not lower, and that there should not be any differentiation between chemical and other manures. Our grounds for this request may broadly be summed up as under:—

(a) Between 1943 and now, there has not been much of an increase, at least of the order indicated by the rate variations, in the relative price values of the chemical manures and other manures like oil cake to justify this differentiation.

(b) Since the total production of the non-chemical manures is hardly 20% of the reasonable manurial requirements, it is necessary that the chemical manures are used to supplement non-chemical manures. The question of a competition, therefore, cannot arise. It is, therefore, not necessary even if there is any relative variation in price to increase the freight rates on the alleged issue of undue preference to chemical manures if the rates are maintained on the same level.

(c) In view of the present GMF drive and the official propaganda for the use of manures, the demand for this is almost infinite and is limited only by the price factor. The

elasticity of demand is, therefore, considerable. To add to this, there would be also considerable increase in the movement of food grains consequent on the increase in yield with the use of fertilizers. Both on the principle of joint costs and on "what the traffic should bear", there is, therefore, a strong case for the reduction of freight rates to the barest minimum of at least .16 pies per md/mile under class 1".

To this representation the Chief Traffic Manager, B. B. & C. I. Rly., Bombay, in his letter No. R124/22p11, dated 26th April, 1950, observed:

"The basis of charge specially designed for this category of traffic is already on a low level. Further, there has so far been no evidence to the effect that Railway freight is hampering the free movement of these commodities. In the circumstances, I regret no reduced rates can be quoted".

Q: 29. The adoption of telescopic rate on the continuous mileage basis on different railways had had a favourable effect on the trade generally but as stated earlier the rigidity that was introduced at the same time and the withdrawal of the station-to-station rates quoted had had an unfavourable influence on Industrial Development. Our general suggestions to remedy this are outlined in our reply to Q: 8, 17 and

26 and in the Part I-B we give our suggestions with particular reference to the Starch Industry.

Q: 30 to 33. In advocating the adoption of station to station rates or even rates from and to stations, the reduction in freight should be governed by the principle of what the traffic should bear and the economics of transportation. The reduction should be commensurate with the lower operational cost resulting from (i) the increase in the volume of traffic both direct and consequential, (ii) increase in gross earning by consequential traffic offered at higher rates and (iii) long distance hauls and the other factors. The rate may be reduced to meet the reasonable freight rate even upto the marginal cost of transport of the extra traffic, though we don't recommend going below this minimum cost.

When the Railways have got the monopoly of transport which is now reinforced by a control on the Road Transport, it is only natural that Railways should contribute their part to the development of the country. Outlining the railways freight policy in reply to the questionnaire of the Taxation Inquiry Commission the Railway Ministry states that it is based upon:

(a) Reasonableness of rates per se on the principle of charging what the traffic could bear and

(b) Potentialities of traffic both long term and short term; and further concede:

"It is axiomatic that the freight structure should be an instrument of economic development of the country and must be consistent with the larger objectives of the economic policy of the Government."

The Taxation Inquiry Committee distinguishing between fares and rates opined that "the latter being more directly related to economic development should, on the whole, be so regulated as not to leave a profit over and above meeting the costs of operation and essential development", and in view of the importance of industries in the Second Five Year Plan they recommended "that the freight rate policy should be formulated, having regard to the interest of the industrial and economic development, on the one hand and the resources required for the railway development on the other hand". We fully agree with that view. The Railways should give such reduction in rates as are possible within the frame work of the policy. Any reductions that are further necessary to bring down the price of any commodity should be met from the general revenue by a subsidy or otherwise, after proper investigation of the cost structure by the Tariff Commission.

Having regard to the fact that the Railways constitute our biggest national monopolistic enterprise it is desirable to judge its working results on normal Commercial Standards which it will not be possible to do if extraneous considerations are allowed to influence the freight policy unduly. If in the interest of the National Economy any special concessions are required to be given to any new industries or special considerations should be shown for the development of under-developed areas, such expenditure

should be met from the National Revenues and the Railway should not be unduly burdened by such consideration beyond normal limits.

Q: 34 & 35. For the development of the backward areas it would mostly be necessary, if at all, to give concessional rates than normal and in our opinion railways should be asked to give such concession as are possible within the frame-work of the National Freight Policy, rather than allowing the railways to charge on the basis of the inflated mileage. Any loss involved in operation of such lines which are not commercially economic should be met from the general revenue as an essential expenditure for National Development treating such new lines on the same basis as new enterprise which is protected or subsidized or given other concessions such as exemption from taxation in the initial stages and the like.

Q: 37. Our suggestion for helping the industries also would hold good in respect of village and cottage industries. These products should be placed on sufficiently competitive position by reduction of railway freights within the limits suggested in our replies to the questions 30 to 33. To encourage, however, bulk consignments co-operative sales efforts should be encouraged and the railway freight structure should be modified keeping this in view.

Q: 38. The Government having fixed the reasonable ceiling price that should be the transportation cost both on raw materials and finished products to maintain the ceiling price should be determined on the principle of what traffic can bear and this rate, the railway should try to meet on the basis of the "joint cost" as far as possible; and if there is still a gap it should be met by a subsidy from the General Revenue.

Q: 39. In any railway system freight rates are normally not quoted on the basis of the cost of transport alone. They are always based upon "what the traffic can bear" and how far it could be met on the "joint cost" basis. The Railways quote as far as possible the rate commensurate with such a charge having regard primarily to the following factors:—

(a) Size of the package and the consignments offered for railment each time.

(b) Frequency.

(c) The capacity of the current traffic to absorb the extra traffic offered without the increase in the overall operational cost.

(d) Whether the proposed rate is sufficient to cover the marginal increase in the operational cost in handling the traffic.

(e) And the consequential increase in gross earnings otherwise.

Q: 40. There cannot be any two opinions on the need to develop transport facilities to enable a fuller and proper implementation of the development plans. Planned expenditure, however, is not the goal in itself nor does it necessarily mean planned development. When the financial resources are not sufficient it is all the more necessary to eliminate waste wherever it exists and to conserve the resources for investment on "effective" development.

The Railways should not take advantage of its monopolistic position nor of the National preparedness to bear taxes required to finance the Development expenditure and go on increasing the freight rates to cover up their inefficiency on the plea of meeting the deficits on Revenue or Capital account. It has been observed that there has not been any improvement whatsoever in the vital factors affecting the efficiency since the Wedgewood Committee Report in 1939. As could be seen from the figures given below the percentage of wagons and locomotives "under or awaiting repairs" continues to be high. The Wedgewood Committee, discussing the wagons turnover, pointed out that figures for the Indian Railways were almost half of the South African average where there was comparable traffic and even engine usage was criticised as being 50% in excess of the optimum. It was then explained away on the ground that there was excessive rolling

stock compared to the volume of traffic offered during the days of the depression. That explanation cannot, however, hold good now. We are told that there is a shortage of the rolling stock compared to the traffic offered. There is at the same time a marked increase both on the usage of the wagon capacities and the train loads. The improved engines have since been put up on the line to give both the higher speeds and the tractive efforts. It could be seen, therefore, that though there is a better equipment, longer hauls and fuller freight densities there is no improvement on the 1935/36 figures. This only goes to show a sharp drop in efficiency both on the maintenance and traffic section. There is an urgent and immediate need, therefore, to concentrate and strive for fuller and more intensive utilisation of the rolling stocks before providing for any planned expenditure on this sector of transport.

TABLE I

Year	Percentage of locomotives under or awaiting repairs		Engine miles per day per Engine in use	
	Broad Gauge	Metre Gauge	Broad Gauge	Metre Gauge
1935-36	20.1 B. N. 18.4 B. B. & C. I. 22.6 E. B. 14.8 E. I. 18.4 G. I. P. 23.7 M. & S. M. 10.1 N. W. 21.8 S. I.	14.3 A. B. 14.7 B. B. & C. I. 14.1 E. B. 18.4 M. & S. M. 20.3 S. I.	112 B. N. 101 B. B. & C. I. 119 E. B. 103 E. I. 131 G. I. P. 111 M. & S. M. 106 N. W. 115 S. I.	90 A. B. 99 B. B. & C. I. 109 E. B. 101 M & S. M. 105 S. I.
1938-39	18.8	12.8		
1939-40	17.6	13.1		
1940-41	16.9	12.5		
1941-42	16.4	13.5		
1942-43	16.2	13.1		
1943-44	16.1	13.4		
1944-45	16.3	13.8		
1945-46	18.3	15.7		
1946-47	20.2	19.8		
1947-48	20.2	20.9		
1948-49	20.9	19.2		
1949-50	20.2	17.4	106	105
1950-51	19.0	17.6	107	104
1951-52	18.2	16.0	109	104
1952-53	17.92	17.04	109	104
1953-54	18.06	18.54	112	103

TABLE II

Year	Percentage of wagons (in terms of 4 wheelers) under & awaiting repairs		Wagon miles per wagon day in use	
	Broad Gauge	Metre Gauge	Broad Gauge	Metre Gauge
1935—36	10.9 B. N. 4.7 B. B. & C. I. 13.2 E. B. 13.7 E. I. 3.9 G. I. P. 3.3 M. & S. M. 8.1 N. W. 2.3 S. I.	2.5 A. B. 2.4 B. B. & C. I. 4.8 E. B. 2.0 M. & S. M. 6.0 S. I.	35.5 B. N. 33.1 B. B. & C. I. 22.9 E. B. 34.6 E. I. 41.8 G. I. P. 46.4 M. & S. M. 32.1 N. W. 33.1 S. I.	25.8 A. B. 38.6 B. B. & C. I. 25.3 E. B. 27.9 M. & S. M. 23.2 S. I.
1938—39	6.7	2.9		
1939—40	6.7	3.0		
1940—41	5.2	3.1		
1941—42	4.5	3.6		
1942—43	4.4	2.9		
1943—44	4.0	3.1		
1944—45	4.5	3.4		
1945—46	5.2	4.4		
1946—47	7.0	7.6		
1947—48	6.7	6.0		
1948—49	8.2	6.8	33.1	29.1
1949—50	7.6	8.2	38.1	29.7
1950—51	7.3	8.6	38.7	31.2
1951—52	7.4	9.4	40.9	32.4
1952—53	7.52	8.22	41.1	31.4
1953—54	7.34	7.42	40.1	28.4

It also appears that the Indian Railway system is more or less based upon the standards obtaining in European countries where the average haul is relatively short. In America where there are comparable long distance hauls of Bulk Traffic as could be expected as a result of the development plans, it has been found that the increase in carrying capacities of the wagons and the "Block" has considerably helped in reducing the cost. The percentage of 40,000 lbs. capacity "freight cars" is comparatively negligible while more than 60% freight cars are of the capacity of 60 to 80 thousand lbs. and some of even 100,000 lbs. For the movement of commodities in bulk on long distances possibility of introducing such large capacity "freight cars" may be considered, as also the mechanical handling of freight at transshipment points.

Q: 41. It is not desirable to have the fluctuating freight rates for any commodity. They should be based on mean average price and should not be changed with fluctuating export market. Mopping up of any possible extra revenue may be left to the Finance Ministry to handle.

Q: 45. The chemical manures originally put under class I were changed to Class III differentiating them from the organic manures and raising the incidental cost. A short note on Freight factor on chemical manure is enclosed.

Q: 46. Planned development in agriculture in so far as it is expected to increase the food crops as distinct from cash or industrial crops is not, in our opinion, likely to affect the volume of traffic appreciably. The increase at least in the initial stages would be absorbed by (i) the current deficits, (ii) the increase in per capita consumption with improvement in standard of living as also (iii) by the increase in population in each zone, before there could be any exportable surplus to be moved. It is only the industrial raw materials and products and the export crops that would contribute to near proportional increase in traffic, with two major starch factories having been located in Gujarat area there has been improvement in traffic of maize for starch production which has been in the order of 1,00,52,000 maunds in 1953—54 against the total of 1,88,40,000 maunds of the inter-state traffic. This traffic will further accentuate if the target set by the Second Five Year Plan to about 3 times (3 million) this figure. At present movement has taken place principally from Rajasthan, Madhya Bharat, Madhya Pradesh but with the increase in the quantum traffic is likely to originate from U. P. Bihar and Punjab also.

Q: 47. A reduction in railway freight on smalls, though it might bring in a higher return to the agriculturist, it will not be to the extent of the reduction. At any rate this

hardly seems to be the proper solution of the problem. The co-operative sales organisation properly planned with an elevator or warehousing facilities would go a long way to help the small agriculturists.

#### PART I-B.

#### GENERAL

In reply to the question 1 of Part I-A, we have given broadly our comments on the

revision of the General Classification made in 1948. This is not in conformity with the General Policy enunciated by the Ministry "of framing the freight structure as to assist the Industrial Development of the country in consonance with the larger objective of the economic policy of the Government is obvious from the comparative table of classification of the Industrial Commodities given here below :—

Commodity	Classification prior to 1948	Corresp. in serial order to class.	Revised classification
Starch	2A	3	4
Sulphur	2C	5	6
Superphosphate	1	1	3
Sodium Nitrate	2	2	3
Rockphosphate	1	1	3
Ground Phosphate	1	1	3
Caustic Soda	2A	3	4
Aluminium Hydrate	2A	3	4
Alum	2A	3	4
Castor Oil	2A	3	4
Groundnut Oil	2A	3	4
Mohawa Seed Oil	2A	3	4
Turkey Red Oil	2A	3	4
Sulphuric Acid	7	13	14

Apart from the stepping up of the classification, the special station-to-station rates quoted for maize, before the departmental inquiry, have been withdrawn and though maize is a coarse grain the rate charged is the same as that for rice, for instance, which costs almost twice as much, offending against the first commercial principle of what the traffic could bear.

As a food grain, traffic in maize as could be seen from Tables I and II is not only negligible but is confined to comparatively small distances and incidence of the absolute freight is not appreciable. But the industry being required to draw the supplies from the excess left over the food requirements from each zone (if we encroach on the quota, there is an immediate export ban) the industry has to look to a wider area entailing a longer haul to the factory station and current freight weighs fairly heavily on the industry ranging 12% to nearly 30% (vide Schedule A). Further there is almost an equal outward traffic as finished and bye-products to the consuming centres. Even from a factory located at the consuming centre about 80% of the maize tonnage moves out by rail as a finished product and/or as bye-products.

The larger potential of the maize traffic as industrial raw material as also the consequential traffic of the finished and bye-products which are moving obviously at higher rates have not been given sufficient consideration in withdrawing the special station-to-station rates quoted earlier.

In addition to these considerations which primarily concern the Industry and the Railways, we have also to draw the attention of the Committee to the following economic and development aspect of the Industry :—

1. As stated in preceding paragraph, the Industry draws only the surplus maize from each zone and though this is a small fraction this marginal quantity determine to some extent the food grain prices. Any reduction in freight rates by enlarging the area of purchases for industrial use would relieve, if not obviate, the Government operations under the price support scheme, if the prices tend to go below the floor. On the other hand if they are rising this tendency would be curbed by relieving the concentrate load of industrial purchases in the proximate centres.
2. Apart from this short term and direct stabilizing effect on the local price of the agricultural commodity there is also the long term stabilizing effect on agricultural prices generally when an agricultural commodity finds a new and regular outlet as an industrial raw material; and we are of the view that an agricultural commodity moving as a raw material for any industry should be granted a special rate lower than the normal for that class of goods.
3. As the indigenous supplier of an essential raw material for the textiles,



Starch Industry also saves the foreign exchange that would otherwise be necessary for importing it.

4. The most important of all, however, is the fact that Starch Industry has been placed on the scheme of the Five Year Plan with a target for trebling its production in the Second Plan period to fit in with the planned expansion of the Textiles and the development of the Dextrose Industry. The increased quantity now required will perforce necessitate enlarging the area of purchase entailing longer hauls.

Special wagon load rates should be quoted for maize moving to specified starch factory stations reducing the current rate of:

.38 pie to .25 pie per md/mile on first 100 miles,

.38 pie to .20 pie per md/mile on next 200 miles,

.26 pie to .15 pie per md/mile on next 300 miles,

.17 pie to .15 pie per md/mile for distances beyond.

In view of these considerations, we suggest that:—

This reduction in rates would reduce the incidence of freight on maize from between 14 to 29% to between 8.0% to 20% as under:—

Name of the station	Miles	On current rate basis		On proposed rate basis	
		Freight per md. to Factory station	Incidence on maize (prices at Rs. 6 per md.)	Freight per md. to Factory station	Incidence on Maize
		Rs.	%	Rs.	%
Murliganj	1327	1 11 4	28.4	1 3 3	20.0
Kursela	1252	1 10 2	27.2	1 2 4	19.0
Naugachhia	1240	1 10 1	27.1	1 2 2	18.9
Dhamtari	828	1 4 3	21.0	0 13 0	13.5
Hyderabad	863	1 4 9	21.6	0 13 5	13.9
Jagraon	782	1 3 7	20.3	0 12 5	12.9
Moga Tehsil	763	1 3 4	20.1	0 12 2	12.6
Lakhimpur Kheri	782	1 3 7	20.3	0 12 5	12.9
Shujalpur	618	1 1 2	17.6	0 10 5	10.8
Bhilwara	448	0 13 7	14.4	0 8 3	8.5
Dohad	659	1 1 10	18.5	0 10 11	11.3

### FREIGHT ON STARCH

In case of starch also there has been a sharp increase in the freight rate, the classification having been changed in 1948 from IIA (corresponding to class III) to class IV increasing the rate from .46 R.R. and .42 O.R. per md./mile to .69 per md./mile for first 300 miles and .58 per md./mile for the next 300 miles and .46 for distance beyond. There are no special O.R. and wagon load rates being quoted either. Even Maida which is always costlier than the starch and is comparatively non-essential to the extent that its manufacture was banned till recently is being moved under class III at .64 pies per md./mile on the first 300 miles and .54 for the next 300 miles and .42 pie per md/mile for distance beyond, and wagon load rates of .48 for first 300 miles and .35 for next 300 miles and .23 for distances beyond. Of course when the Western Railways withdrew the concessional rates the starch prices were ranging between

Rs. 75 to Rs. 45 per cwt. They are now dropped with the maize price remaining where it is to between Rs. 22 to Rs. 25 at the outset increasing the incidence to nearly 300%. In case of starch also the average haul is usually higher. The relative cost of starch is also lower and being the industrial raw material it should normally be moved at the lower freight rate; and having regard to the fact that the starch has to compete against foreign imports, we feel, there is a strong case for quoting special wagon load rates from starch factory stations to the consuming Textile centres like Bombay, Ahmedabad, Kanpur, Indore, Nagpur, Calcutta, & Madras and we suggest the wagon load rate of:

.30 pie per md./mile on the first 300 miles,  
.25 pie per md./mile on the next 300 miles  
and  
.20 pie per md/mile beyond.

### BYE-PRODUCTS OF THE STARCH INDUSTRY

Maize, Gluten and Oilcake, two principal bye-products of the Starch Industry which command a fairly substantial return in the foreign countries have no market in India.

This draw-back of the Indian Starch Industry reduces its competitive ability in starch. These bye-products are principally used as cattle fodder in Europe and therefore, the

only outlet is the Export Market. To help the Industry, therefore, to dispose off this material at the reasonable cost in competition with the local manufacturers in the European markets it is necessary to reduce both inland freight and ocean freight and since this product has no local value export seems to be the only alternative. We, therefore, suggest a special wagon load rate from factory station to port be quoted reducing the normal rate of:

- .54 to .25 pie per md./mile on the first 100 miles.
- .54 to .20 pie per md./mile on the next 200 miles.
- .49 to .15 pie per md./mile beyond 300 miles, and
- .38 to .15 pie per md./mile beyond.

This will reduce the freight from Ahmedabad to Bombay from Rs. 28/- to Rs. 14/13/0 reducing the absolute incidence of freight from nearly 14% to 7% on Ahmedabad cost.

We may incidentally point out that considering the special circumstances of the case this rate does not seem unreasonable compared to the rate of As. 3-6 per mile on 4 wheeler charged for fodder which works out to .0084 pie per md./mile even granting that this is a special scarcity rate.

#### ANNEXURE V

##### Statistical data for the Starch Industry

1.	Raw material required	Per ton of starch			
	Maize	1.63 tons			
	Coal	0.5 ton			
2.	Production of starch in tons				
	1938	1947	1952	1953	1954
	Nir	1350	7674	19562	35811

These production figures have no bearing on the freight structure. Because in 1938 the Industry hardly even existed in India. It primarily developed during the war period but was practically closed down for nearly five years between 1946-1951 because of the food shortage. Only small quantity of deteriorated food grains were released from time to time. In 1951, the Government for the first time permitted imports of maize for industrial purpose and the Industry reverted to the natural indigenous sources of supply only in 1953 after the closure in 1945. In view of these vicissitudes no comparable data is available. It could be appreciated, however, that the starch industry feeds another industry and to that extent the freight rates cannot directly affect the volume of production nor the centres of consumption. Industrial raw material—and for starch, industry even the finished product is an industrial raw material—has got to move whatever be the freight, the adverse element being left to be accounted for in determining the quantum of protection and is, therefore, ultimately met by the consumer. As for instance, whether gypsum is carried at the normal rates or at concessional rates now offered Sindri Plant has got to keep going and if the freight is high in relation to what it could bear it has to be passed on to the price of Ammonium Sulphate which then will have to be subsidised from the general revenues if

the food production is to be maintained in the country. In a controlled economy the volume of traffic of industrial raw material or even of major essential commodities is not the correct or reliable index of the appropriateness of the freight rates though unfortunately this happens to be the only factor that the Railway Administration look into in considering the application for reduction. This emphasises the fact that the administration still thinks in terms of the free economy of the Victorian era.

3. There are many other important factors which should be considered in determining the freight rates and an attempt has been made to detail them in the earlier sections of this part.

	Maize.	Starch.
4. Shortest distance ...	33 miles	16 miles
Longest distance ...	1,252 miles	1,600 miles
Average distance ...	600 miles	400 miles

5 & 6. The entire quantity is moved by rail except for quantity consumed locally.

7 (a). The average price of maize in 1954-1955 was Rs. 7-8-0 per maund ex-factory. Average freight Re. 0-6-0 per maund.

The maize prices in 1954 were lowest on record in the last fifteen years and the Government had to purchase it at the floor price. Maize could, therefore, be available from proximate centres in sufficient quantity, the longest distance covered being 659 as against 1,252 in earlier years. With the increase in prices now prevailing and the bigger quantity required the average haul will automatically be stepped up.

(b) Average price for 1954 of starch at the factory station was Rs. 675 per ton and the important consuming centres were:

	per ton	per ton
Bombay	Rs. 705	Calcutta Rs. 784
Indore	Rs. 703	Bangalore Rs. 776
Cawnpore	Rs. 737	Sholapur Rs. 728

Because of food shortage factories were not in normal production in 1947-1948. No representative figures are, therefore, available.

8. Despatches of finished products by rail on distance of:

	In 1954. Tons.
1 to 50 miles	548
51 to 100 miles	407
101 to 200 miles	1,680
201 to 300 miles	1,383
301 to 400 miles	10,748
401 to 500 miles	36
501 to 600 miles	728
601 to 700 miles	214
701 to 800 miles	244
801 to 900 miles	130
901 to 1000 miles	959
1001 to 1100 miles	496

The production in 1955 has increased by about 50-60 per cent.

TABLE I.

From: Report on the Marketing of Maize and Millets in India. Directorate of Marketing & Inspection, Ministry of Food & Agriculture, Government of India, 1954.

Appendix XXXII, Page 136.

Approximate retention, utilisation and marketable surplus of maize in the various states of India (Bharat).

(Basis: Average Production 1941-42/1945-46).

STATES	Production (Tons)	Retention with producers and utilisation.								* Marketable surplus.	
		For domestic Consumption.		For payment of wages to labourers.		Seed.		Total retention.			
		Per cent.	Tons.	Per cent.	Tons.	Per cent.	Tons.	Per cent.	Tons.	Per cent.	Tons.
Uttar Pradesh	878,000	48.0	421,440	17.0	149,260	3.0	26,340	68.0	597,040	32.0	280,960
Bihar	444,000	74.0	328,560	4.0	17,760	5.0	22,200	83.0	368,520	17.0	75,480
Punjab (I)	320,000	62.0	198,400	18.0	57,600	2.0	6,400	82.0	262,400	18.0	57,600
Bombay	42,000	50.0	21,000	8.0	3,360	3.0	1,260	61.0	25,920	39.0	16,380
Madhya Pradesh	53,000	40.0	21,200	20.0	10,600	2.0	1,060	62.0	32,860	38.0	20,140
West Bengal	38,000	32.0	12,160	...	...	3.0	1,140	35.0	13,300	65.0	24,700
Madras	23,000	75.0	17,250	5.0	1,150	5.0	1,150	85.0	19,550	15.0	3,450
Hyderabad	58,000	58.0	33,840	28.0	16,240	11.0	6,380	97.0	56,260	3.0	1,740
Kashmir	297,000	75.0	222,750	7.0	20,790	2.0	5,940	84.0	294,048	16.0	47,520
All India	2,465,000	59.3	1,461,745	12.9	317,985	3.3	81,345	75.5	1,861,075	24.5	603,925

\* This "Marketable surplus" is what is offered by the Farms for sale. But the actual quantity offered for inter-state movement i.e. the real export from the zone is negligible as could be seen from the figures given in the following table.

TABLE I-A.

*From : Report on the marketing of Maize and Millets in India. Directorate of Marketing & Inspection, Ministry of Food & Agriculture, Government of India, Page No. 5.*

*Percentage share of different Indian States in the Maize acreage and Production.*

*ANNUAL AVERAGE 1947—48 to 1949—50.*

<i>States.</i>		<i>Acreage Percentage.</i>		<i>Production.</i>
Uttar Pradesh	...	25.2	...	26.5
Bihar	...	19.6	...	16.6
Punjab (1)	...	9.2	...	12.0
Rajasthan	...	8.5	...	7.1
Jammu & Kashmir	...	8.3	...	13.2
Madhya Bharat	...	6.2	...	4.0
Bombay	...	5.3	...	6.1
Hyderabad	...	4.1	...	1.7
Madhya Pradesh	...	3.2	...	2.9
Himachal Pradesh	...	2.8	...	2.8
Patiala & East Punjab States Union	...	2.3	...	2.4
West Bangal	...	1.1	...	1.5
Others	...	4.2	...	0.4

## PART II.

Q: 1. Commodities are booked at a lower rate whenever available except in cases of hazardous goods consigned in smalls.

Q: 2. (a) (i) Getting the claims settled with the Railway company is rather difficult and is becoming a job for a specialist.

(ii) Railways do not cover insurance from warehouse of the consignor to that of the consignee.

(iii) Railways do not cover under R/R all the risks of breakage, destruction, deterioration or loss.

(b) Pilferage, theft, non-delivery risk of civil commotion at  $\frac{1}{4}$  to 1% premium.

Q: 7. (a) There is no provision in the risk note for detailing the type or the nature or extent of the defect in the packing and whatever be the defect the waiver is too comprehensive in nature to include damage, leakage or wastage in transit on any account and not necessarily arising out of such defect alone. Further in view of the fact that it is rather difficult to prove anything against the railways when all possible evidence is interested and against the consignor inclusion of "negligence" in addition to misconduct as a remedy does not protect the consignor's interest to the extent necessary. Though in the absence of any statistical data it is rather difficult to say to what extent the public has benefitted by the change, we believe there is no appreciable increase in the number of claims entertained on this ground to the disadvantage of the Railway.

Q: 8. There does not seem to be any scientific basis for refusing the certain cases at owner's risk rates while offering them in others. Nor is there any basis for the difference that is maintained between the railway risk rates and the Owner's risk rates wherever such different rates are quoted. The risk involved whatever that be is certainly not proportional to the distance. Normally it is covered by charging a premium being a certain percentages of the value and our suggestion is that in so far as the standard rate is itself based upon the price of the commodity or rather a certain price range in which the commodities fall are grouped in a certain class, there should be a fixed charge per unit in each class to be added on to the overall freight rate as is done to cover the costs of terminal or transshipment services. The appropriate charge can be determined by the experts on actuarial data. These observations, we must say are subject to our observations on the basic question of what risks the Railway should normally cover.

Q: 10 to 12. In enunciating the law relating to carriers Chief Justice Hall observed that since the goods delivered to the carrier are no longer under the control of the owner who seldom follows such goods or sends any servant with them to the place of their destination in case they are lost or damaged by the grossest negligence of the carriers or his servants or stolen by them or by thieves in collusion with them, the owner will be unable to prove any of these causes of loss. The owner's witnesses must necessarily be the carrier's servants, who being interested would try to support their masters. When, therefore, this is an extraordinary confidence necessarily reposed in

them and there is a temptation to fraud it is necessary with a view to ensure due security to the property entrusted to the carriers there should be added to his responsibility arising out of the contract to carry for reward namely, of taking all reasonable care of it, a further responsibility of an insurer and that they be allowed to claim exemption only on two important grounds: namely: (i) the act of God and (ii) the acts of the King's enemies. These principles of the law relating to carriers has been approved and included in the Indian Carriers Act which applies to all the common carriers and we don't see any special reason—not at least in a Democratic Independent India—for exempting only the Railways of all the common carriers of the full responsibility. Whatever the conceptions be of the Government in 1890 when the Indian Railways Act was passed, India is not now a hostile (nor wild) country to presume that the Railways in India are subject to any greater risks than those obtaining in England. Perhaps the Indian Law is based upon the American analogy where the Railways are considered only as a bailee and not as insurer as well. If that is the case, there is no justification for allowing the Indian Railway, unlike on the American system, to contract out of even their limited responsibility of the bailee even for a consideration. Either we must have the entire English Law holding the Railway responsible as insurer and then allow limiting the responsibility under certain conditions or they should be treated as bailee as in America without any right to limit such responsibility. It is not desirable to pick up only the disadvantageous features from the Laws of these two countries to frame Indian Law, and leave the public high and dry with the onus of proving things against the Railways with the only help of witness who are the Railway servants and none of whom can be considered even remotely independent or disinterested.

Of course with the fuller responsibilities of the insurers the reasonable conditions about packing must be imposed and in case it is not to the approved standard the exact nature of the defect must be recorded in the forwarding note and the Railways should be allowed to disclaim liability for wastage, leakage or deterioration which is directly resulting from this defect; and under all the other consequential risk notes allow the Railways to waive the responsibilities for proper consideration.

Whether the Railways are treated as insurers with all the different type of waivers or as bailees the premium to cover the risk element in either case should be a fixed charge like terminal or other services, not proportional to the mileage; and in fixing the premium rates due considerations should be given to the fact that the element of risk is much lower in case of wagon load consignment than the smalls; and further the public should be allowed a rebate of this premium if desired.

Q: 13. This is not rational and should be revised on the basis outlined above.

Q: 14 & 15. No comments.

Q: 16. Reasonable packing conditions should be prescribed but the consignments



should be accepted even when these conditions are not fulfilled if the nature of the defect is detailed in the forwarding note and the Railways then should not be held responsible for anything that has a direct bearing on the defective packing.

Q: 17. Please see our observations on Q: 47 of Part I-A.

Q: 18. Please see our reply to Q: 10, 11 and 12 of this part.

Q: 21. Settlement of claims by Railways are much too dilatory. There must be a provision that the claims must be settled within three months on the same line as the limit imposed for lodging the claims which is required to be done within six months.

### PART III.

Q: 1. (a) It is observed that all commodities put under a particular classification need not be and are always charged the same wagon load rate for instance while Grain under class I moves under WL/D wagon load rates while Ores and Fire clay also under I moves under WL/CR wagon load rates and Fruits and Kyanite both moving under class WL/F in wagon loads are placed under class 3 R/R (under II OR) and class I respectively. It is doubtful whether the Tribunal has the authority to specify the wagon load scales under which all industrial raw materials could be moved. It is empowered to fix a station-to-station rate or re-classify a commodity in a lower class but there is no specific power to fix a wagon load rate or schedule for any commodity without changing the classification generally even for small scale traffic which may not be strictly necessary. We think the power of the Tribunal should be extended to cover this lacuna.

(b) No. The Government have already instituted a Research Bureau and since the Democratic Government is looking after the General Railway Administration, we don't see any point in empowering the Tribunal to initiate investigation in regard to freight rates generally. If any section of the Public has any difficulty they can always approach the Tribunal for redress and they should have all the powers to grant it consistent with the income to the Railways.

Q: 2. The standard freight rate and terminals and other charges on one hand and the general classification of goods on the other hand are two clear and distinct aspects of the freight structure. While the rates in the first category are governed primarily by revenue considerations those

in the latter are determined by what any particular commodity should be charged having regard to the rates applicable to other commodities in the group or those in the proximate groups and moving under similar conditions as also the relative charges, the condition or volumes of traffic in this commodity or its price. The functions of the two bodies have been correctly differentiated in Section 42 and any change in the position would not serve any useful purpose.

Q: 3. It is not desirable to make any change without proper investigation and having created a special forum for such investigations, not because of the Government's incompetence but because of the public demand, it will not be desirable to sidetrack the forum. If the Government were to raise the classification and on appeal the Tribunal finds it unreasonable it will be embarrassing to the Democratic Government to face the charge of having made the change unwarranted by facts.

Q: 4 to 7. We have no information on the subject.

Q: 8 to 10. It is too early to give any opinion on the satisfactory working of constitution of the Tribunal. The present constitution should be given a reasonable trial before considering any revision.

Q: 11. The need to establish an independent body to fix the freight rates arises out of the fact that the rate structure considerably influences the economic activity of the Nation, and framing the structure therefore, cannot be left to the sweet will on the Private Monopolist interests. Under such a set up, the Government directly or through an independent body controls the freight rates. When, however, that very Government, working under the supervision of the Parliaments on its Committees, and on expert advices fixes the rates and when it is remembered that Government is elected by the Nation to control the fiscal policy as a whole of the country in the interest of the National Economy, there does not seem to be any need for having a different body, particularly when we have an independent Tribunal to rectify the irregularity or injustice if any.

Q: 12. In addition to Parliamentary Control, Judicial Control on the executive is also necessary for adjudication of disputes with the Railway Administration which might not have correctly spelled out the policy in action; and having regard to the fact that the function of this body is adjudication of such disputes, it should be a judicial rather than merely an advisory body.

## The Millowners' Association,

Bombay.

## G E N E R A L.

1. *Present transport situation in the country:* Before going into the questionnaire, my Committee would like to make certain general observations on the present transport situation obtaining in the country. Though, according to the Fiscal Commission's report, the Railways claim to have recovered from the strain imposed by World War II and the subsequent partition of the country into India and Pakistan, the transport position still continues to be far from satisfactory notwithstanding some improvement in the provision of wagons for moving coal, textiles and other essential articles compared to the period immediately following partition. Taking coal, for instance, where annual output is in the neighbourhood of 37 million tons, the Railways could move only 32 million tons with the result that while the collieries are faced with vast accumulations, the textile industry in Bombay, for instance, is deprived of the benefit of cheap fuel, and has to run on fuel oil which is available to the industry at uneconomic prices. This is sufficiently indicative of the extent to which transport capacity lags behind productive capacity, and unless this is remedied, no appreciable benefits are likely to accrue only by raising the coal output to 60 million tons by 1960-61 as laid down in the draft frame-work of the Second Plan.

2. *Transport needs of the Second Five Year Plan:* The magnitude of the transport problem as a whole can be better visualised if the targets laid down in the Plan Frame were taken into account. The production of steel is proposed to be raised to 5 million tons per annum as against the existing production of 1.1 million tons. A three-fold increase in the output of heavy chemicals is envisaged. Production of cotton textiles will go up by 35 per cent. while that of sugar by 50 per cent. In the case of new industries producing electrical goods, bicycles, sewing machines and glassware, increases in production ranging from 60 to 100 per cent., have been provided for. In minerals, the biggest increase is planned in Iron ore where production target has been fixed at 13 million tons as against the existing output of 4 million tons. In agriculture, production of foodgrains will go up by 15 per cent., cotton by 45 per cent., oil seeds by 25 per cent., and so on. According to a public statement issued by the Hon'ble Minister for Railways on 16th June 1955 on the occasion of bifurcation of the Eastern Railway into the zones, goods traffic is expected to increase during the Second Plan period by at least 50 per cent. It will thus be seen that there will be an enormous increase in the volume of traffic to be hauled by the Railways, and if the haulage capacity is not

planned well in advance and promptly executed, the Second Plan is bound to suffer diminution in its purpose and effect, with all the repercussions following therefrom. A provision for about Rs. 1,125 crores has, no doubt, been made for transport, but the real question is with what promptness and speed, the project will be executed so as to solve the transport problem, which involves the provision of not only wagons in large numbers and of locomotives, but also increases in line capacities and the removal of junction and other limitations. Should these not be forthcoming commensurate with the increase in industrial and agricultural output, a transport crisis might arise in the course of the Second Plan period with all its undesirable consequences. So long as the supply of transport is below the demand therefore, the rate level cannot afford to be minimum.

3. *Problem of Rate-Making.* Freights as a whole, and over a period of time, must be such as will yield revenues that will cover the costs of services, i.e. the current operating expenses and the fixed charges of the carriers. In other words, service costs fix the general minimum level at which rate must be kept, except temporarily during a severe business depression, if the railways are to remain solvent and continue in business. The upper limit of rail charges is, however, set by the value of the services rendered by the carriers, i.e. what shippers will pay or need to pay to secure the transportation services desired. What the shipper can pay is the value to him of the transportation service he is buying; what he may need to pay a railroad for the desired service may be the amount he would have to pay a high-way, water-way or any other type of carrier. In India, the upper limit to rail freight is, however, not determined by competitive forces released by alternative sources of transportation services but by the Railways themselves in virtue of their monopolistic control. While the motor transport is arbitrarily restricted within the regional and State boundaries of each administrative unit under the provisions of the Motor Vehicles Act, 1939, water transport has not been what it should be. Prior to World War II, transport by sea was much cheaper than transport by rail but the position today is quite the reverse.

4. In the circumstances, the policy of Government should, therefore, be to promote the development, and to regulate the services and rates of each mode of transportation in order to enable each mode to obtain and transport the traffic it could serve with greatest efficiency and economy and if that policy should be successfully carried out, the successful and desirable

functioning of all the agencies of transportation would be assured. Each kind of carrier should have its appropriate place in a well adjusted transportation system whose several parts are properly inter-related. It is only under a well-knit transportation scheme that the freight level can afford to be lowest.

5. It is stated that the principles followed by the Railways in evolving the present "telescopic" rates system, are as under: (a) Reasonableness of rates per se. This principle is commonly referred to as "charging what the traffic will bear", that is, fixing the charge for each variety of goods according to its ability to pay for transportation. According to the Railways, this takes into account the value of the commodity, the use to which it is put and the stage of its manufacture and in the case of industries, it also takes into account the fact whether the industry in its infancy or has fully developed; (b) considerations regarding potentialities of traffic both long and short term; (c) avoidance of undue preference to persons or localities or any particular description of traffic; and (d) operating costs of railways which also take into account factors, such as, the bulk of the commodity in relation to its weight, risk of damage, wastage in transit and the volume of traffic. These principles are, no doubt, very sound, but the reasonableness of freight charged requires to be judged mainly by the financial results of the Railways.

6. Rate making divides itself into two broad problems, distinguishable on the basis of objective, viz., (1) the determination of the general level of rates; and (2) the fixation of particular rates. The first is concerned primarily with the total revenue to be derived from all rates together. The second involves more directly the effect of rates upon the movement of traffic and the relationship of rates to each other. The generally accepted policy adopts as the standard for the rate level the reasonable cost of the service, as measured by the sum of the operating expenses, taxes, and a return on investment sufficient enough in the long run to attract necessary capital. As has been held in an American Railway case, "the carrier owning and operating a rail-road ..... is not entitled as of constitutional right to more than a fair net operating income

upon the value of its properties which are being devoted to transportation."

7. *Financial position of the Indian Railways.* That the Indian Railway system has been obtaining for more than a fair net operating income is borne out by the following observation contained in the First Five-year plan of the Planning Commission. "It (the Indian Railway system) is one of the few railway systems in the world with a net earning power adequate enough to meet all fixed charges and provide substantial sums for development and reserves." This observation was based on the budgetary position of the Railways in the years 1948-49, 1949-50 and 1950-51 *vis-a-vis* the provisions of the Convention Resolution of 1949. The Convention Resolution provides that on the capital invested out of general revenues in the railway undertaking, the Railways should pay a fixed annual dividend which during the period of five years commencing from 1950-51, should be at the rate of 4 per cent. on the capital invested subject to the proviso that no dividend is payable on the capital invested out of general revenues in unremunerative strategic lines. The other provisions of the Convention are that the existing railway reserve should be renamed the Revenue Reserve Fund and utilised primarily for maintaining the agreed payments to general revenues and for making up any deficit in the working of the Railway. Further a Development Fund should be constituted for financing expenditure for the following purposes, viz. (a) passenger amenities, (b) labour welfare and (c) railway projects which are necessary but unremunerative. For meeting the cost of replacement and renewal of assets, the Depreciation Reserve Fund should receive, for the next five years, a minimum contribution of Rs. 15 crores per annum chargeable to the working expenses of the undertaking. Lastly, the railway surplus should be available for distribution amongst the Revenue Reserve Fund, the Development Fund and the Depreciation Reserve Fund, to the extent the last named needs strengthening over and above the minimum annual contribution.

8. As against the aforesaid provisions, the actual budgetary position of the Railways in the period 1948-49 to 1950-51 was as follows:

TABLE 'A'

	Appropriations (In crores of Rs.)			Contributions to General Reserves. (In crores of Rs.)
	Depreciation Reserve	Revenue Reserve	Development Fund	
1948-49	23.11	0.03	1.27	Nil.
1949-50	19.17	Nil.	0.43	Nil.
1950-51	33.59	5.40	10.52	31.81
Total:	75.87	5.43	12.22	31.81
Annual Average:	25.29	1.44	4.07	

9. In the period 1951—52 to 1955—56, the appropriations to the above funds and the contributions to the General Reserves have been as under :

TABLE 'B'

	Appropriations (In crores of Rs.)			Contributions to General Reserves. (In crores of Rs.)
	Depreciation Reserve	Revenue Reserve	Development Fund	
1951—52	33.79	19.12	10.65	32.45
1952—53	34.42	2.26	12.76	32.93
1953—54	33.97	1.13	3.29	34.36
1954—55 (Revised estimate)	33.75	1.19	7.14	34.96
1955—56 (Budget estimate)	33.81	8.50	0.31	36.07
Total :	169.74	32.20	34.15	170.77
Annual Average :	33.95	6.44	6.83	34.15

10. From the above two tables A and B, it will be seen that the average annual appropriations to the Depreciation Reserve Fund, Revenue Reserve Fund and Development Fund in the period 1951—52 to 1955—56 were Rs. 33.95 crores, Rs. 6.44 crores and Rs. 6.83 crores respectively, as against Rs. 25.29 crores, Rs. 1.44 crores and Rs. 4.07 crores in the period 1948—49 to 1950—51. The annual appropriation to the Depreciation Fund alone amounts to 17 per cent. of the working expenses of the Railways. The balance standing to the credit of these Funds as on 31st March 1955 are Rs. 102.68 crores in the Depreciation Reserve Fund, Rs. 38.37 crores in the Revenue Reserve Fund and

Rs. 15.62 crores in the Development Fund. These figures indicate a very substantial progress over the financial results of the Railways in 1948—49 to 1950—51 period.

11. It should, however, be noted that the Planning Commission recommended that "the policy of the railways during the period of the Plan should be to keep down the working expenses to the lowest level compatible with efficiency and reasonable standard of service in order that the necessary surplus for financing the development programme becomes available".

12. But this does not seem to be the case as the following table speaks out :

TABLE 'C'

Years	Freight tons originating	Freight ton miles	Earnings from carriage of goods	Average earnings per freight ton mile	Total working expenses
	(In millions)		(In crores of Rs.)	(In pies)	(In crores of Rs.)
1948—49	82.67	22,750.22	112.34	9.48	184.06
1949—50	91.58	25,464.68	135.69	10.20	207.23
1950—51	92.34	27,007.52	139.77	9.94	224.39
1951—52	97.87	29,017.66	153.95	10.20	227.58
1952—53	98.37	28,961.46	143.81	11.20	219.99
1953—54	99.36	29,493.45	145.39	11.30	231.99

13. The above table shows that while the tonnage of goods hauled in 1953—54 has increased by 20 per cent. on the 1948—49 level, the freight yield has risen by 30 per cent, even in spite of the working expenses having gone up by 26 per cent.

14. It is, however, gratifying to note that the increased revenues of the Railways have enabled Government to implement the

development programme fixed for the Railways under the First Five Year Plan. The Plan envisaged an expenditure of the order of Rs. 400 crores of which the Railways were required to find the finances from their own sources to the extent of Rs. 320 crores and the remaining Rs. 80 crores to be provided by Government. The details of the Railway expenditure in the Plan period are as follows :

TABLE 'D'

Categories of expenditure & percentages of Plan allocation	(In crores of rupees)						
	Total	Percentage	1951—52 1st year Actuals	1952—53 2nd year Actuals	1953—54 3rd year Actuals	1954—55 4th year Budget	1955—56 5th year (Balance)
Rolling Stock and Machinery	207.77	52.0	34.36	33.23	40.01	56.17	44.00
Track and bridges	71.45	17.8	10.72	13.96	10.37	13.40	23.00
Other structural & engineering works, collieries & ports.	44.73	11.2	6.84	7.34	9.19	14.36	7.00
Labour welfare, staff quarters and other welfare works.	23.93	6.0	3.74	3.14	4.00	5.55	7.50
Restoration of dismantled lines & new lines inc. electrification of track & major bridges.	35.54	8.9	7.26	3.71	3.98	6.09	14.50
Passenger amenities.	14.62	3.6	2.45	2.34	2.48	2.85	4.50
Miscellaneous items.	2.20	0.5	5.49	3.54	5.83	3.42	9.50
Total	400.24	100.0	70.86	60.18	64.20	95.00	110.00

15. During this period, the withdrawals from the Depreciation Reserve Fund and Development Fund for the purpose are as under:

TABLE 'E'

Year	In Crores of Rs.	
	Withdrawals from	
	Depreciation Reserve Fund	Development Fund
1951—52	35.87	7.70
1952—53	40.89	8.10
1953—54	38.02	9.81
1954—55 (Revised estimate)	43.86	12.14
1955—56 (Budget estimate)	41.98	12.32
Total	200.62	50.07

Even after these withdrawals, the balances standing to the credit of these Funds are Rs. 99.31 crores in the Depreciation Reserve Fund and Rs. 3.61 crores in the Development Fund. That apart the Revenue Reserve Fund carries a closing balance of Rs. 46.87 crores. These figures are clearly indicative of the excellent financial position of the Railways, and my Committee, therefore, urge that the policy of the Railways should now be to enlarge its revenues by increased traffic turnover rather than through enhanced freight structure. This reorientation of freight policy is particularly necessary in view of the fact that the industry has since last several years been called upon to bear very onerous financial obligations in the shape of enhanced direct and indirect taxations and social security charges. Even

at a time, namely, the peak period of World War II (1944-45), when the country as a whole was riding on the crest of inflationary prosperity, the average freight rate did not exceed 7.8 pies per ton, and it is very difficult to see how the industry which is already heavily burdened with taxation, could bear, in addition, a freight increase of as much as 45 per cent. over the 1944-45 level.

16. *Position of the Cotton Textile Industry.* This is particularly so with regard to the cotton textile industry. The history of this industry tells us that its early concentration in the Bombay island was governed not so much by natural and permanent factors as by other advantages such as abundance of capital and credit facilities, the presence



of cheap and speedy means of transport and the temporary growth of the demand for yarn from China, which Bombay was in an exceptionally favourable situation to meet. The railway rates policy was another factor which led to the congestion of industries in port towns. It was the year 1877 which marks the turning point in the development of the industry from the point of view of its distribution. It saw the beginning of a rapid construction of mills in upcountry centres like Nagpur, Ahmedabad, Sholapur etc. situated right in the heart of the cotton growing tracts. This later distribution was influenced to a larger extent by natural factors such as vicinity of sources of raw material, plentiful labour and large market-

ing centres. This was also made possible by the development of railway communications. The decline of China trade in yarn from commencement of the present century also affected adversely Bombay's position of unequalled pre-eminence. The Swadeshi movement was also responsible for the stimulation of growth of weaving outside the Bombay State. Latterly the developments in factory legislation in the then British India led to the migration of the industry to some of the former Indian States where the administration of the Factory Laws was more lax.

17. Today, the cotton textile mills are concentrated in the following centres :

TABLE 'F'

<i>Name of the Centre.</i>		<i>No. of mills.</i>
Ahmedabad.	...	74
Bombay.	...	65
Coimbatore.	...	17
Singanallur.	...	13
Kanpur.	...	12
Indore.	...	8
Madurai.	...	8
Howrah.	...	7
Delhi.	...	7
Rest of India	...	250
Total.		461

The locational aspect of the mill industry is particularly important from the point of view of rail freight on raw materials, fuel and stores that go into the consumption of the industry.

miles. This is a factor which should be borne in mind in considering the question of freight on coal consumed in the textile mills.

18. *Freight on coal required by the cotton Mill Industry.* Coal fields are situated in West Bengal, Bihar, Madhya Pradesh, Vindhya Pradesh, Talchar in Orissa and Singaneri in the South. The chief transport originating centres for coal from these coal fields are Sitarampur, Radhanagar, Hendegir, McCluskiegunge and Latehar for Bengal-Bihar coal fields; New Katni, Anuppur and Manendragrah for Madhya and Vindhya Pradesh collieries. Of the 37 million tons annual production, the Railways alone consume about 11 million tons of which about 8 million tons are supplied by the Railway collieries. The remaining 8 million tons are drawn from the private collieries. According to the Railway Fuel Economy Enquiry Committee, the requirements of coal by the Railways should be supplied from fixed sources nearest to the consuming points. Nearly 80 per cent. of the country's coal production comes from the Bengal and Bihar coal fields. If the recommendation of the Railway Fuel Economy Enquiry Committee is implemented, then it means that the industrial requirements of coal are to be drawn mostly from the Bengal-Bihar coal fields. No major textile centre is, however, in close proximity with the colliery region, and the distance which is required to be traversed by coal from its pit head to the textile centres ranges from 600 to 1,200

19. Government introduced a new telescopic scale for coal from 1st September 1948, and the freight rate to Bombay in terms of this scale worked out to Rs. 14/12/- per ton from Jhagarkhand (C.I.) and Rs. 17/4/- per ton from Bengal-Bihar coal fields. In November 1949, Government granted a rebate of 12½ per cent. on the telescopic rates to textile mills, cement factories and paper mills and at the same time, freight rates were also reduced. The new rates from Jhagarkhand and Bengal-Bihar coal fields thus worked out to Rs. 11/5/- and Rs. 13/9/- respectively, which continued till March 1952, when Government published a white paper on the rail freight structure. According to this paper, the average cost of hauling one ton of goods per mile was 8.06 pies in 1949-50, 8.93 pies in 1950-51 and still higher in 1951-52, while the actual recovery on coal traffic was only 4.4 pies per ton per mile in 1950-51. As the coal traffic constituted about 40 per cent of the total goods traffic carried, the White Paper stated, the Railways could not bear indefinitely the burden imposed by the loss in freight incurred on coal account if the Railways were to implement the programme of rehabilitation and augmenting staff welfare and passenger amenity services. The coal freight was, therefore, raised by 30 per cent. with effect from 1st April 1952, and at the same time, 12½ per cent.

rebate was also withdrawn. In terms of the new scale, freight rates for coal in the two cases referred to amounted to Rs. 17/5 and Rs. 20-14-0 per ton respectively, which meant an increase of 53 per cent. on the pre-April 1952 rates.

20. According to the Sixth Census of Manufacturing Industries of India, which is the latest available statistics, the cotton mill industry consumed about 13 lakh tons of coal in the year 1951 valued at Rs. 415 lakhs. The average price of coal ex-works in that year was Rs. 14-8 per ton and on this basis, the value at the pit head of coal transported to cotton mills would roughly have been about

Price of coal at Rs. 14-8 per ton.	...	Rs. 188 lakhs.
Handling charges at Rs. 5-0 per ton.	... ..	Rs. 65 ..
Middleman's remuneration at Re. 1 per ton.	... ..	Rs. 13 ..
Labour cess at annas 9 per ton.	... ..	Rs. 7 ..
Terminal charges at Re. 1 per ton.	... ..	Rs. 13 ..
Freight	... ..	Rs. 129 ..
Total ...		Rs. 415 lakhs

21. Production of cloth in 1951 was approximately 3,700 million yards, while to-day it is 5,000 million yards, which means an increase of 35 per cent. Coal consumption should now, therefore, be 18 lakh tons per annum. Price of coal conti-

nues to be Rs. 14-8 per ton ex-works, and except for labour cess and freight, there has been no change in other charges. The following calculations show the freight burden imposed on the industry on a coal consumption of 18 lakh tons:

Price of coal at Rs. 14-8-0 per ton.	...	Rs. 261 lakhs.
Handling charges at Rs. 5 per ton	...	Rs. 90 ..
Middleman's remuneration at Re. 1 per ton.	...	Rs. 18 ..
Labour Cess at 12 annas per ton.	...	Rs. 14 ..
Terminal charges at Re. 1 per ton.	...	Rs. 18 ..
Freight at 1951 rates: 175 lakhs, plus 53 per cent. increase since 1952: Rs. 93 lakhs	...	Rs. 268 ..
Total		Rs. 669 lakhs

22. It will thus be seen that the freight burden on coal consumed by the industry is of the order of Rs. 286 lakhs as against Rs. 142 lakhs in 1951 which means an increase of Rs. 144 lakhs. Though according to the Railway Board statistics, the average yield on coal is 5-65 pies per ton, which is just 63 per cent. of the average cost of haulage, the burden it imposes on the industry is considerably heavy.

freight on coal comes to Rs. 24.775 and Rs. 21.743 per ton respectively. Tata Chemicals Ltd. have often to bring their coal by sea and it costs them much more than bringing it by rail. The rail-cum-sea freight comes to Rs. 39.159 per ton. Apart from the question of shortage of wagons, there is the question of transshipment at Viramgam or Agra East Bank due to change of the gauge. Sometimes owing to congestion in traffic at Viramgam or Agra East Bank, booking is suspended."

23. The problem of high transport cost on coal is not peculiar to the textile industry alone. There are other industries too which are adversely affected on this account, as could be seen from the following extract from the Tariff Commission's report on the continuance of protection to the Soda Ash Industry submitted in 1954:

"As regards coal, it has to be brought from very long distances apart from transport difficulties; it was pointed out by the representatives of the two units that railway freight was very high. In the case of Tata Chemicals Ltd., and Dhrangadhra Chemical Works Ltd., the railway

24. *Freight on cotton.*—Cotton which forms the basic raw material of the industry has been placed in class 8 if fully pressed, but if half-pressed, it would attract rates appropriate to class 12. Loose cotton is placed in class 14. The average earnings from the transport of cotton are, on the basis of 1952-53 and 1953-54 figures, Rs. 332 lakhs per year and the quantity hauled is 10 lakh tons or approximately 57 lakh bales. Nearly 80 per cent. goes into consumption in mills, which means that the

freight paid by the industry on cotton consumed in the mills is roughly Rs. 265 lakhs. The average yield per ton of cotton transported is 21.2 pies as against the average cost of haulage of 9 pies per ton.

25. Receipts of cotton into Bombay City in particular, by rail in the years 1952-53 and 1953-54 were as under :

TABLE 'G'

Type of Cotton.	(In bales of 392 lbs. net)	
	Receipts.	
	1952-53	1953-54
Kandesh ... ..	53,940	61,352
Central India ... ..	62,018	57,520
Barsinagar ... ..	56,730	43,773
Hyderabad Gaorani ... ..	11,747	6,401
Berar ... ..	2,42,204	2,51,866
Central Provinces ... ..	33,452	37,243
Dholleras ... ..	1,24,443	1,70,863
Punjab ... ..	2,14,885	1,48,976
Rajputana ... ..	60,167	59,358
Broach ... ..	2,11,015	3,10,777
Compta Dharwar ... ..	56,425	90,688
Western Northern ... ..	23,288	37,392
Cocanada ... ..	145	—
Tinnevelly & Cambodia ... ..	14,406	8,636
Total ... ..	1,164,865	1,284,845

Consumption of cotton by Bombay City mills in these two years is as follows :

1952-53	...	929,160 bales.
1953-54	...	986,160 bales.

From the above tables, it is observed that as much as 78 per cent. of cotton received in Bombay is consumed by the City mills.

26. The freight rates on cotton to Bombay from cotton centres like Amraoti,

Dhaboi, Dhulia, Hubli, Rempuraful and Adoni before and after the introduction of the telescopic rates system and the incidence of these rates on the prices of cotton prevailing in Bombay are indicated in the table below :

TABLE 'H'

Centre & Variety.	Bombay Spot rates per candy (Av. June 1955)	Present railway freight on cotton to Bombay per candy.	Incidence percentage of Col. 3 on Col. 2	Railway freight on cotton to Bombay prior to telescopic system
	Rs.	Rs. a. p.		Rs. a. p.
Amraoti (Jarilla)	588	19 8 0	3.3	18 10 3
Dabhoi (Vijaya)	725	11 10 0	1.6	11 5 10
Dhulia (Jarilla)	588	11 14 0	2.0	11 1 3
Hubli (Jayadhar)	776	19 6 4	2.7	15 3 0
Hubli (Laxmi)	868	19 6 4	2.4	15 3 0
Rampuraful (Punjab American 216F)	766	38 5 0	5.0	31 10 7
Rampuraful (Punjab Deshi)	548	38 5 0	7.0	31 10 7
Adoni (Westerns)	643	20 7 3	3.1	19 7 3

27. It will thus be seen that so far as movement of cotton to Bombay is concerned, telescopic system has not at all been helpful. Furthermore, the classification of industrial fibres under the Goods Tariff is irrational in that cotton is placed on par with wool and charged to class 8 while other fibres like aloe, flax, hemp, jute etc. have been placed in class 7. Why this invidious distinction is nowhere explained?

28. *Freight on Mill Stores.* According to the "programmes of Industrial Development 1951-56" of the Planning Commission, the requirements of mill stores and accessories to maintain a production based on 42 lakhs bales of cotton consumption were as

under :

Starches	...	36,000 tons
Caustic soda	...	15,000 "
Coal tar dyes	...	5,900 "
Mutton tallow	...	3,600 "
Zinc chloride	...	3,000 "
Hydrosulphite of soda	...	2,000 "
Bobbins	...	425,000 gross
Healds	...	800,000 sets
Reeds	...	400,000 pieces
Pickers	...	37,500 pieces
Shuttles	...	8,300 gross
Card clothing	...	3,500 sets.

29. Census of Manufactures which are available for the years from 1946 to 1951 throw a useful light on the consumption of various items of mill stores and the relevant figures are, therefore, culled at and set forth below :

TABLE 'I'

Description of stores	Annual consumption based on actuals for six years 1946-51 (in tons).
Tallow	3,172
China Clay	3,986
Zinc Chloride	361
Gums & Resins	1,070
Sodium Hydrosulphite	968
Caustic Soda	11,458
Soda ash	7,335
Bleaching powder	2,771
Common salt	3,502
Sulphuric acid	2,045
Hydrochloric acid	643
Starches	35,050
Colours and dyes	1,170
Cotton Bandings	453
Ropes	231
Vegetable oils	2,142
Mineral oils	915
Paper and Paper Boards	8,800
Sacking	8,000
Hoops	2,500
Pickers	541
Buffers	309
Roller skins	69
Shuttles	293
Bobbins & wooden tubes	3,437
Picking bands	128
Beltings all kinds	128
Healds	1,026
Reeds	457

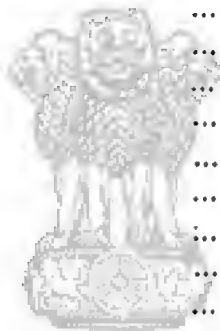
30. The average annual production of cloth in this period was 3,950 million yards as against the current production of 5,000 million yards which shows an increase of 26.5 per cent. Consumption figures relating to mill stores should also, therefore, be

increased correspondingly to arrive at the present consumption levels.

31. The items specified in the above table have been assigned the following classifications under the Goods Tariff :

TABLE 'J'

Description of the item	Classification under the Goods Tariff	
	RR	OR
Tallow	4	—
China clay	1	—
Zinc chloride	6	4
Gums and Resins	4	3
Gum manufactured	8	—
Sodium hydrosulphite	9	8
Caustic soda	4	—
Soda ash	4	3
Bleaching powder	4	3
Common salt	2	—
Vegetable oils	4	3
Mineral oils	5	3
Fuel oils	5	3
Sulphuric acid	14	12
Hydrochloride acid	15	—
Starches	4	—
Dyes and Colours	9	8
Pickers and Picking Bands	9	—
Buffers	9	...
Roller skins	12	...
Beltings all kinds and cotton banding	12	...
Bobbins and wooden tubes	9	...
Shuttles	5	...
Healds and Reeds	9	...
Ropes (Hemp & Jute)	7	...
Ropes N.O.C.	8	...



सत्यमेव जयते

32. As the Enquiry Committee are aware, the cotton textile industry is now drawing its supply of stores mostly from Indian sources, and it is, therefore, of first-class importance that these stores which form the raw materials of the industry should attract as low a freight rate possible. In this connection, certain observations made by the Tariff Board will be found very relevant.

33. The Tariff Board, in the case for protection of the soda ash industry, stated, in 1951:

"The soda ash factories in India are situated at a considerable distance from the ports which are the main consuming centres, and the cost of their products at the port is, therefore, inflated by the transport charges payable from the factories to the ports. This constitutes a disadvantage for the indigenous product, since no such charges enter into the cost of the imported product at the ports. As regards inland centres, the transport charges payable at each centre on the indigenous product depend on the distance from the factory while those payable at the same centre on the imported product depend on the

distance from the port. Consequently, so far as transport charges alone are concerned, the indigenous product is at an advantage at some centres and at a disadvantage at others."

After going into the data submitted by the soda ash manufacturing industry, the Tariff Board came to the following conclusion:

"The inland freight and handling charges payable on the Tata Chemicals ash are, on an average, higher than those payable on imported ash by Rs. 2.6 per cwt. The indigenous ash is, therefore, subject to net freight disadvantage to this extent and an allowance for this factor has, therefore, to be added, to the fair selling price of indigenous ash before comparing it with the ex-duty landed cost of imported ash."

34. Referring to Bleaching Powder in its report on the caustic soda and bleaching powder industry, submitted in 1954, the Tariff Commission said:

"In the case of bleaching powder, however, both the Tata Chemicals



and Mettur Chemicals are at a disadvantage in relation to the imported product in Bombay and Madras respectively which constitute their principal markets. This disadvantage is not offset to any material extent by their net disadvantage, if any, with respect to other centres. The actual pattern of sales of bleaching powder by both these units during the last two years was effected by conditions of shortage and would not afford much guidance for the future. The total sales of bleaching powder in these years were also small. Under normal conditions, we consider that the freight disadvantage of Tata Chemicals with respect to bleaching powder could be taken as equal to the freight from Mithapur to Bombay, namely, Rs. 42.82 per ton and that of Mettur Chemicals as equal to freight from Mettur Dam to Madras, namely, Rs. 22/- per ton."

35. Instances could be multiplied to show the adverse effects of the imposition of these burdens on the consuming industries situated in port towns, and particularly, the textile industry whose products are, it is needless to say, essential to the life of the community. The following observations of the Tariff Commission on the country's freight problem, contained in its report on the continuance of protection to the soda ash industry submitted in 1954, are worth noting in this connection:

"India being a country of vast distances, raw materials and finished products have to be carried over long distances by land or sea in the case of many industries. The economy of the country is essentially rural, and the domestic market for industrial products is too limited in comparison with other countries which are industrially advanced and where the standard of living is high. If the competitive power of the indigenous industries is to be enlarged, it is imperative that efforts should be made all round to reduce costs of production and prices for consumers. This is particularly so in the case of basic industries whose products form raw materials for many other industries. Sources of raw materials, coal etc., are not generally located in the same region and selection of sites for industrial production has, therefore, to be made after carefully evaluating the advantages and disadvantages of different sites from the point of view of proximity of sources of raw materials, coal, etc., facilities for transport, nearness of consuming centres etc. Cost of transport of raw materials and of finished products is an important element in the cost of production and price for consumers. In our opinion, a re-orientation of the policy in regard to rail and sea transport of a long term basis is necessary to achieve the objective of expanding industrial production and of lowering its costs.

Representations have been made by the industry to the Railway and

Shipping authorities in regard to freight rates on raw materials and finished products, and to the railway authorities in regard to facilities for transshipment and movement of raw materials and the finished product but we understand that they have met with little success. Recently the freight rates from Mithapur to Okha have been increased by the railway authorities in spite of the representations made by Tata Chemicals Ltd. The result has been that Tata Chemicals Ltd. are now carrying their soda ash from Mithapur to Okha in their own lorries and we are informed that this system of transport has been found to be more economical than rail transport. Soda ash is a basic chemical which is required by many industries and its high cost must result in retarding the development of other industries in which it is used. It is very essential that the cost of soda ash should be brought down by all possible means. We feel that the representation made by the industry regarding reduction in railway and coastal freights on raw materials and soda ash deserves sympathetic consideration and recommend that due weight should be given to the factors mentioned above in reviewing the freight rates."

36. According to the Railway Board statistics, the average haul of a ton of goods in each of the years 1952-53 and 1953-54 was 300 miles. Even assuming that mill stores consumed in the mills travelled only this much distance, and taking the average rates appropriate to the classes in which these stores are placed, the industry would have paid no less than Rs. 60 lakhs towards freight charges on mill-stores alone.

37. *Freight on Cotton Piecegoods.* According to the Goods Tariff, piecegoods in bales, press packed or packed in boxes or cases, are placed in class 10. The expression "press packed" has been defined in the "Packing Conditions P/25" in terms of which the bales containing cloth, irrespective of size or weight, should be tightly secured under tension, with steel strapping length-wise and breadth-wise, and the hoops used should be of standard gauge and should be used on all the six sides of each bale. An exception has, however, been made recently in the case of long bales where it is permissible to give hooping only on four sides of the bale. If this packing condition is not fulfilled, then the consignment would attract the freight rates applicable to class 13. Handloom products including "khaddar" are not subject to the packing condition P/25 and are placed in class 10. Cotton yarn which forms the basic material of the handloom, powerloom and other consuming industries, is also placed under class 10 subject to compliance with the said Packing Condition P/25.

38. The yield from freight on cotton manufactures was Rs. 3.55 crores in 1952-53 and Rs. 3.39 crores in 1953-54, the average being Rs. 3.47 crores. The tonnage hauled is roughly 8 lakhs per annum. The rate per ton of cotton piecegoods works out 28 pies as against an average

cost of haulage of 9 pies per ton. The total annual freight revenue from Manufactures is about Rs. 33 crores of which cotton manufactures alone account for 10·5 per cent

39. Cotton Mills in India issue for consumption and export about 3·3 million bales of cloth and one million bales of yarn which, in terms of weight, amount to about 5 lakh tons of cloth and 1·8 lakh tons of yarn, i.e. 6·8 lakh tons in all. The share of mill products in the tonnage of cotton manufactures hauled is roughly 85 per cent. The remaining 1·2 lakh tons represent the share of the hand

and powerloom industries. Handloom products attract certain freight concessions where movement takes place by passenger trains. Taking this into consideration, the freight paid by the mill industry would be no less than Rs. 300 lakhs.

40. So far as cloth is concerned, out of 5 lakh tons, as much as 55 per cent represents the share of the Bombay City and Ahmedabad. As regards yarn, a major part of the movement originates from the South. The tables indicated below set forth the position:

TABLE 'K'

*Cloth Baled & Delivered for various purposes*  
(in bales)

Year.	Opening Stock.	Cloth baled.	Total of 2 & 3	Deliveries of cloth:			
				Export	Civil	Other purposes	Total of 5, 6 & 7

## AHMEDABAD CITY

1952-53	747,957	723,794	1,471,751	88,898	662,297	848	752,043
1953-54	1,000,879	713,012	1,713,891	66,083	624,009	458	690,550
1954-55	948,448	759,377	1,707,825	84,146	679,572	790	764,508

## BOMBAY CITY

1952-53	1,197,189	1,017,833	2,215,022	290,120	725,144	10,290	1,025,554
1953-54	1,550,259	1,115,048	2,665,317	360,356	703,335	11,582	1,075,273
1954-55	1,646,856	1,105,452	2,752,308	369,018	730,681	11,357	1,111,056

## ALL-INDIA

1952-53	3,607,691	3,160,586	6,768,277	536,480	2,643,470	25,830	3,205,780
1953-54	4,899,463	3,363,940	8,263,403	635,299	2,576,374	28,353	3,240,026
1954-55	4,909,890	3,419,170	8,329,060	702,554	2,701,884	30,130	3,434,568

TABLE 'L'

*Yarn Delivered for Civil Consumption*  
(In thousand lbs.)

Name of the centres.	Quantity delivered.	
	1953-54	1954-55
Bombay City	50,832	50,634
Rest of Bombay	27,652	27,652
U. P.	32,228	32,912
West Bengal	14,970	16,318
M. P.	20,405	22,965
Madras	168,826	190,455
Mysore	15,667	14,768
Kerala	8,263	10,083
Andhra	3,163	6,306
Rest of India	42,886	44,871
Total	384,892	416,964

41. Bombay and Ahmedabad centres supply cloth to the whole of India as could be seen from the following figures compiled by

the Textile Commissioner in 1946 under the All-India Cloth Distribution Scheme :

TABLE 'M'  
Despatches in 1946

		(In bales of 1,500 yds.)	
		Bombay City.	Ahmedabad.
Western India	...	2,659	5,413
Central India	...	10,076	5,218
Assam	...	28,104	17,235
Bengal	....	110,058	53,503
Bihar	...	106,284	80,030
C. P. & Berar	...	14,052	9,841
Hyderabad	...	10,909	10,356
Orissa	....	29,018	16,161
Punjab	...	111,919	97,385
Rajputana	...	14,766	11,406
South India	...	66,004	40,656
U. P.	...	82,802	62,815
Present Pakistan area	...	62,651	29,292
Total	...	649,302	439,311

(\* Undivided Punjab).

Deliveries for civil consumption from Bombay and Ahmedabad centres having now gone up to 7,20,000 and 6,50,000 bales respectively per annum, States like U.P, Bengal Bihar, Punjab and South must be receiving more cloth. This means that cotton piece-goods are moving considerable distances

from Bombay and Ahmedabad, and as a result, the incidence of rail freight is heavier. In the following table are set out freight rates per maund of piecegoods moving from Bombay to Delhi, Madras and Calcutta both before and after the introduction of telescopic system :

TABLE 'N'

Date.		Rate per maund.		
		Delhi.	Madras.	Calcutta.
		Rs. a. p.	Rs. a. p.	Rs. a. p.
Prior to October 1948	...	4 0 0	2 8 0	5 5 3
1954	...	4 2 8	3 15 0	5 12 0
After 1st April 1955	...	4 2 4	3 14 1	5 7 4

This table indicates that though there has been a slight reduction in freight since 1st April 1955, freight rates have gone up since the introduction of the telescopic rates system on the railways in October 1948.

43. *Railway Freight and the Cotton Mill Industry.* In any analysis of freight incidence

on an industry, it is not the incidence of freight on individual items but it is the total incidence which is of material consequence. The Indian Textile Industry pays about Rs. 9.16 crores on railway freight alone, and it is submitted that this is a very heavy charge read in conjunction with the other taxes and liabilities with which the industry has been burdened.

## PART I-A

Q: 1. The revised rates structure introduced in October 1948, has to a certain extent reduced the multiplicity and complexity of the class and scheduled rates, and eliminated the anomalies arising from the calculation of rates on the basis of individual railway's mileage in the booking of through traffic, but it has not helped the industry as the benefit of rationalisation has been more than neutralised by unscientific and irrational classifications. Raw cotton, for instance, deserves to be pushed up in the classification from Group 8 to, at least,

Group 7, if not higher up, on account of its being, and in fact being declared under a Central Act to be, a commodity essential to the life of the community, so as to keep it on par with other industrial fibres. Similarly, cotton yarn which forms the basic raw material of the handloom and powerloom industries, should also rank with cotton and should be pushed up to class 7, if not higher. Coal consumed by the Cotton textile industry should continue to receive preferential treatment as before, and the 12½ per cent. rebate should be restored. In the

case of mill stores, freight disadvantage, if any, arising out of any scheme of assistance or protection to be granted to such stores, should not be passed on to consumers but should be neutralised through special station-to-station rates. Cotton piecegoods being essential to the life of the community next only to that of food, deserve to be placed in class 9, if not higher, as against 10 at present assigned.

Q: 2. The present rating arrangements are not sufficiently elastic to meet the legitimate needs of industries in regard to the movement of raw materials and finished products. Nor do the Railways appear to exercise the discretion permitted to them in this behalf. As has been recommended by the Fiscal Commission, the Railways should consider the question of introducing concessions so as to assist in the local or regional processing of semi-manufactured goods. One way of helping the movement of raw materials to industrial centres is by making "a more liberal use of station-to-station rates". "We understood", says the Fiscal Commission, "that under existing orders, such rates can be quoted only with the approval of the Railway administration and often delays take place in the investigation of claims for such rates. We recommend that the Railway Board might examine the question of simplifying the present procedure with a view to expediting decisions on such claims and also consider the possibility of delegating its power in this respect to regional officers".

Q: 3. To the extent the classification of goods for the purpose of freight remains unscientific, to that extent class rates and wagon-load scales are inappropriate. The modifications to the rates depend upon reorganisation of the goods classification.

In a country of vast distances, freight concessions are called for in cases falling under the third leg of the telescope. In England, distances beyond 300 miles are considered long hauls. In America, there are definitely more than three legs of haul. It is suggested that consideration should be given to the alteration of legs on the following lines:

Upto 200 miles as first leg; from 201 to 500 as the second leg and beyond 500 as the last leg of the telescope.

The rate per mile under each leg is affected to the extent the range of the leg is altered as suggested above.

Q: 4. The present practice of carrying free beyond 1,500 miles should continue and should be extended to all other wagon-load scales.

Q: 5. A terminal charge alike for a short as well as long hauls results in inequitable treatment for short hauls. It is, therefore, suggested that terminals should be merged with rates, and separate levy should be abolished.

The 'short distance' charge for haulage of less than 75 miles should continue.

Transshipment charges should be abolished in view of the fact that the Indian Railways now being one unit, the flat freight charged should be inclusive of all terminal and transshipment charges.

Q: 6. No change is called for.

Q: 7. There is no case for alteration.

Q: 8. The empty haulage charges should be abolished, as it is the responsibility of the Railways to provide wagons at whatever stations they are required. Furthermore, these charges add to the cost of transportation of liquids like fuel oil.

Q: 9. There is no objection to the method of classification suggested here.

Q: 10. No; we suggest re-classification on the following lines:

1. Low cost materials obtained from earth without much labour or capital, e.g., sand, lime stone, clay and gypsum etc.,
2. Ores of various kinds and cheap products made from earth, e.g., bricks, ballast, etc.;
3. Agricultural produce;
4. Semi-finished goods;
5. Finished goods and industrial products;
6. Semi-luxury and luxury goods.

Q: 11. Wagon-loads should move at rates less than those applicable to 'smalls'. At present wagon-load facilities are being extended only to a few commodities. In other words, goods carried in wagon-loads are just a fraction of traffic turnover. In this connection, it should be noted that in a country like the U. S. A., over 98 per cent. of the tonnage is transported by the car-loads. It is, therefore, suggested that wagon-load facilities should be extended to all commodities.

In order to encourage wagon-load shipments, it is suggested that, as in the case of the U.S.A., the Railways might encourage what is known as 'freight forwarding service'. The function of freight forwarders is to solicit "smalls" from shippers and to make wagon-load shipments of the commodities thus aggregated. The freight forwarding company receives as compensation for its services the difference between the wagon-load rates paid to the railways and the class rates which it collects from the shippers or consignors of freight. If the consignee does not have his freight delivered to his place of business, but calls for it at the forwarder's depot, the rate paid by the consignee or consignor to the forwarder may be somewhat less than the full class rate. Such services might be developed at large traffic centres throughout the country, and the forwarders with a well organised motor transport might as well assemble goods from the agricultural and other areas not served by the railways, and supply wagon-loads to the Railways who are assured of an even flow of freight. By an amendment of the Indian Railway Act, freight forwarders and their services might be regulated by the Railway Board.

Q: 12 & 13. The freight rates are in order and do not call for any revision.

Q: 14. To avoid duplication of services, it is suggested that the minimum weight be raised to, say, 20 seers.

Q: 15. If wagon-load facilities are extended to all goods, this question loses all its importance. If, however, the intention is to

raise the freight by increasing the maximum weight for consignment, my committee are definitely opposed.

Q: 16. (i) The existing position is in order. There should, therefore, be no upward revision.

(ii) Wagon-load scales should be thrown open to all goods and should be less than class-rates.

(iii) My Committee are in agreement with this suggestion.

(A) The minimum weight conditions should be fixed by the Railways in relation to the carrying capacity on the one hand, and the volume of the commodity on the other.

Q: 17. The introduction of 'train load rates' is quite welcome in that it would encourage shippers to combine with a view to synchronising their shipments in order to avail of economies in freight. The freight forwarder service suggested earlier will also go a long way in accelerating the popularity and spread of the "train load" scheme. The Railways too will stand to gain considerably in the shape of saving shunting hours, and quicker turn round of wagons.

Q: 18. Way freight and drag freight trains are in the long run expensive, slow and time consuming. Such a service is not in the interest of the railways themselves. Fast freight trains or express services as they are called lend themselves to efficient utilisation of wagons and improvement in the carrying capacity of the Railways. In the circumstances, it is wrong in principle to levy an additional charge on goods for express services.

Q: 19. Difficulties are being experienced at present in getting cranes even at important stations. It is, therefore, suggested that cranes should be available at all important stations at rates which are reasonable and uniform throughout.

Q: 20. No comments.

Q: 21. If there is a well co-ordinated transport scheme, there is no objection to have the goods shipped by any conveyance so long as the cost is economical. Transport system in India being what it is to-day, it is advisable to leave it to the shipper to select whichever means of transport he likes and there should definitely be no compulsion. So far as transport by sea to Bombay of either coal or raw materials or stores is concerned, the freight is considerably higher than freight by rail. In the case of coal, for instance, there is a big difference between rail and sea freight. It is understood that freight by sea per ton of coal from Calcutta to Bombay works out to Rs. 30/-. Besides, there are (a) the rail freight from the coal fields to the Calcutta port and (b) the port charges at Calcutta and Bombay. The following prices charged by the Coal Allocation Committee, Bombay, for the supply of bunker coal to the shipping companies give an idea of the difference between the price of sea-borne coal and that of rail-borne coal:

Sea-borne coal ... Rs. 75-4-0 per ton ex-plot.  
Rail-borne coal ... Rs. 48-0-0 ..

It is, therefore, clear that it would be highly uneconomical for the industry to use sea-borne goods. In the circumstances, if any rail-sea co-ordination of transport is proposed, the rail freight should not be increased but efforts should be made to bring down sea-freight.

Q: 22. Movement of goods by motor transport is cheaper for short distances in view of savings in terminal and other charges. The Association has no information regarding transport by inland waterways.

Q: 23 to 25. The Association is not in favour of Freight Pool Scheme.

Q: 26. Certainly the freight structure should be revised so as to further the economic progress of the country. The freight rates should be as low as possible if this object is to be achieved.

Q: 27. The Association has no information.

Q: 28. Reply to question 2 may please be seen.

Q: 29. So far as the cotton textile industry is concerned, the telescopic rating system has generally resulted in freight being pushed up. This question has been exhaustively dealt with in the preamble to these replies. Coal and Piece-goods should be given preferential treatment in the shape of lower class rates or in the alternative special station-to-station rates in view of the long distance travel involved. Raw cotton and Cotton yarn deserve to be pushed up and be placed at least in class 7 of the goods classification.

Q: 30. The suggestion that station-to-station rates should be revived on a large scale so as to foster the development of new industries and to assist export trade is sound and the Association is in agreement with it. In the preamble to these replies, ample citations have been given, showing freight disadvantages suffered by basic chemicals like caustic soda, soda ash, bleaching powder, etc. Station-to-station rates can be made use of to neutralise these disadvantages.

Export trade deserves special consideration especially from the view-point of the Second Five-Year Plan which has set as its basis an intensified export drive to earn foreign exchange required to finance the imports of capital goods. Cotton textiles particularly require a preferential treatment if the target of 1,500 million yards fixed for export under the Second Plan, is to be realised.

Q: 31. This has been dealt with in detail in the opening paragraphs of this memorandum. Though the economics of transportation and the needs of railway finance cannot be ignored in the long run, the Railways should be prepared to undertake short term adjustments in their freight policy with a view to promoting industrialisation of the country.

Q: 32. In India, the position today is that several industries whose products go into the consumption of other industries, are protected. In such cases, the railway freight structure may be utilised to assist their development, but freight concessions should be



preceded by positive recommendations of the Tariff Commission.

Q: 33. If in all respects except transport, a particular area is ideally suited for the establishment of a new industry, it is conceded that there is a case for fixation of special freight rates for such industry, but a freight scheme designed to this end would work to the detriment of existing industries, it is suggested that, as a rule, assistance might be rendered to newly planned industries through means other than special freight. This suggestion also applies to the economic development of under-developed areas.

Q: 34. The Association is opposed to any charge of freight on inflated mileage basis to meet the extra cost of unremunerative new lines. The required capital for the purpose should be provided by Government. Furthermore, construction of such lines should be undertaken only if Government are satisfied of the traffic possibilities thereon. If after construction, the lines turn out to be unremunerative, periodical investigations should be carried out by Government with a view to ascertaining the reasons therefor, and if the prospects of making them remunerative are bleak, then the Railways may as well close them down.

Q: 35. As low a freight as possible as is consistent with the reasonable working expenses (including depreciation) of the Railways.

Q: 36. Whatever revenues remain after meeting the ordinary working expenses and the depreciation charges plus reasonable return on the investment, they should all be devoted to progressive improvement in the standard of rail services.

Q: 37. So far as the cotton textile industry is concerned, handloom products are already being discriminated against the mill products not only in rates but also through packing conditions. On the alleged ground of preventing pilferage and theft of goods in transit, severe packing specifications have been laid down for mill goods, and if these specifications are not complied with, the goods are assessed to higher freight. Handloom goods are as much susceptible to theft or pilferage as mill goods, and the invidious distinction that is being made between these two industries for freight purposes carries no justification. The Association does not, as a matter of principle, support the use of railway freight structure as a means to assist the development of special interests.

Q: 38. From instances cited in the preamble, it is clear that selling prices of indigenous products are fixed after taking into account the prevailing freight rates. Similar is the position where ceiling prices are fixed by Government. In the circumstances, the adjustment of freight rates for such commodities does not arise.

Q: 39. So far as the Association is aware, coal is one of the items which is hauled at rates below the cost of transport. Though normally goods should be hauled at economic rates, in cases like coal, cost of transport is immaterial. The present policy of hauling coal below the average cost should continue.

Q: 40. The Association cannot subscribe to the view that the cost of haulage of additional traffic will not be less than the average cost of haulage at pre-set incurred by the Railways. In this connection, reply to Q: 55 may be seen. Further, a reference is also invited to Table 'C' in the preamble to these replies, from which it will be seen that though the average earning per freight ton mile was reduced from 10.20 pias in 1949-50 to 9.94 pias in 1950-51, the total earnings increased by nearly Rs. 4 crores due to increase in freight ton miles carried. With increase in traffic turnover, it is quite possible to reduce the average cost of transport, and thereby reduce the freight charged for the carriage of goods.

Q: 41. It is not feasible to do it.

Q: 42. There has been a considerable change in the pattern of traffic. Pursuant to the policy laid down in the Government of India statement of 1940, many new industries have come into existence in the post-war period. For example, starch, caustic soda, soda ash, bleaching powder, bobbins pickers, dyes and chemical and other industries whose products go into the consumption of the textile industry are all of post-war origin. Formerly, the textile industry was dependent on imports for these goods, the movement in respect of which was originally from the port towns. Now the situation in many cases is quite the reverse in that the movement originates from the interior to the port towns. There has been a sizeable increase in production of some of the industries under the impetus of the First Five-Year Plan. The volume of goods hauled has been gradually on the increase. More of finished goods are flowing towards port towns for the purpose of export.

Q: 43. So far as the Association is aware, there is no evidence of the railway freight policy having influenced either the location and pace of development of industry and the furtherance of trade.

Q: 44. Mills generally give ex-mill delivery. In the preamble to these replies, an attempt has been made to assess the effects of freight on raw materials, stores and fuel that enter into consumption of the industry and also on its finished goods, namely, piece-goods and yarn.

Q: 45, 46 & 47. No comments.

Q: 48. So far as the cotton mill industry is concerned, its future line of development is not yet definitely known. While the industry expects a rise in the per capita consumption of cloth by 7 yards and hence, a production target of 10,000 million yards per annum as against the existing production of 6,600 million yards, the Second Five-Year Plan Frame provides for a target of only 8,700 million yards. If the target is 8,700 million yards, the tonnage hauled may increase by 30 per cent., but if it is 10,000 million yards, the tonnage may go up by 50 per cent. It is, however, premature to forecast the volume and lengths of movement.

Q: 49. Please see the answer to the previous question.

Q: 50. This has already been dealt with generally in the opening paragraphs of this memorandum.

Q: 51, 52 & 53. No comments.

Q: 54 & 55. The principles at present followed by the Railways are sound and in conformity with the economics of transportation but are inadequate. They need supplementing in the following directions:

- (a) Wagon-load facilities should be thrown open to all commodities;
- (b) The Railways may extend "Pool-wagon service" to shippers. As the rates applicable to "smalls" are much higher than on wagon-load quantities, some large shippers of "smalls" may, by combining shipments to several consignees and loading the commodities into one wagon, make a wagon-load shipment at wagon-scale. The shipper thus obtains what is called a "Pool wagon Service." When the wagon reaches its destination, a representative of the shipper arranges for the delivery of freight to local consignees. If the wagon contains freight for other than local consignees the freight is rebilled for further transportation at class rates to destination;
- (c) Another method of obtaining wagon-scales for "smalls" is to consolidate in one wagon the freight of several shippers. This "consolidated wagon service" with corresponding freight rates may be secured by the combined action of the shippers, or may be entrusted to "Freight Forwarders" referred to elsewhere in this memorandum;
- (d) Another special service which the Railways could usefully render to shippers of several kinds of freight is the privilege of reconsignment and diversion of shipments when en-route. Wagons billed to a reconsignment point may be rebilled therefrom to markets determined while the wagons are on their way. This would enable shipments being adjusted to market demands, to the advantage of both producers and purchasers. For the service of reconsignment of wagons en-route, the Railways may add a reasonable charge to the regular freight rate.

- (e) Another service of much assistance and value to producers and manufacturers is that of permitting many kinds of semi-finished materials to be stopped at manufacturing centres on their way to their ultimate markets. On such shipments, the through rate should apply from the point of origin to destination. There is also what is called "concentration-in-transit" privilege, with maintenance of through freight rates, that makes possible the concentration of numerous commodities such as cotton, hay etc. for subsequent re-shipment to their markets.

Other suggestions which are calculated to result in reduction in freight rates are:

1. Top priority should be given to technical progress of the railways for better roadways, more powerful locomotives, larger wagon cars and improved control devices would lend themselves to greater economy of service, primarily by permitting larger train loads. The bigger the train load the fewer the number of trains required to produce a given ton mileage and less the train mileage; the lower the wage and fuel bill.
2. Increased use of diesel engines in terminal areas adds to economy.
3. Efforts should be made to increase the speed of freight trains through technological improvements. The net ton miles per freight train hour which is an index of loading efficiency, would increase with the speed of the train. The average speed of broad-gauge goods train is only 10 miles and that of metre-gauge is only 9 miles in India.
4. The capacity of wagon cars should be widened as any increase in capacity would lower the ratio of dead weight to paying load and would also reduce the number of cars required to handle a given tonnage. The reduction in wagon requirement, in turn, would permit increased train loads and savings in repair costs etc. per ton handled.
5. The weight, power and efficiency of locomotives should be increased. This would facilitate realisation of the economies of large train loads.

## PART I-B.

### ANNEXURE V

#### INDUSTRIES.

Q: 1. The following table gives the weights of cotton and coal consumed and the weight of cloth and yarn produced:

Year	Weight of cotton consumed	Weight of coal consumed	Weight of yarn produced	Weight of cloth produced
	(In tons)	(In million tons)	(In tons)	(In tons)
1953-54	8,22,825	1.8*	6,87,589	5,10,357
1954-55	8,51,591	1.8*	7,11,607	5,19,732

\*Note: It should not be assumed that all mills are working on coal. There are mills, for instance in Bombay, which work on electricity and fuel oil, the coal equivalent of which is not included in these figures.

Q: 2. Production of cloth and yarn in the period asked for is set forth below :

Year		Cloth in million lbs.	Cloth in million yards	Yarn in million lbs.
1938—39	...	913.1	4168.8	1297.6
1947—48	...	955.5	4017.1	1393.1
1952—53	...	1153.7	4881.7	1500.6
1953—54	...	1143.2	4914.3	1540.2
1954—55	...	1164.2	5022.0	1594.0

(Source : Monthly Spinning and Weaving Statistics for 1938-39, 1947-48 and 1952-53. Textile Commissioner's figures for 1953-54 and 1954-55).

Q: 3. This has been exhaustively dealt with in the preamble to these replies.

Q: 4. This has also been exhaustively dealt with in the preamble to these replies.

Q: 5. So far as the Bombay mill industry is concerned, almost all Indian cotton is received through rail and only a fraction by road and steamer.

Q: 6. So far as home consumption is concerned, most of the cloth released from mill godown moves into the interior only by rail.

Q: 7. Whatever information is available has been incorporated in the preamble to these replies.

Q: 8. The Table 'M' in the preamble gives approximately the information required. The Textile Commissioner compiles statistics relating to cloth and yarn movement. He may be in a position to give the latest position.

#### PART II.

Q: 8. The existing practice to continue. Where a shipper desires to transport his goods under O.R. plus private insurance, he should be allowed to do so.

Q: 15. In order to prevent packing conditions being prescribed to the detriment of any particular trade or industry, any fixation or tightening of the conditions should be in consultation with the industry and/or trade concerned.

Q: 16. In order to minimise loss due to thefts and pilferages, it is agreed that packing conditions should be extended to more and more commodities. Lesser claims mean a lower freight in the long run.

Q: 17. It is a good idea to have the warehousing facilities for storage of goods prior to despatch or after delivery. These facilities may be provided by the Railways themselves, and in the alternative, licensed private warehouses may be utilised for the purpose. In such an event, the Railways Act will have to make provision for the licensing of private warehouses.

Q: 18. The liability of the Railways should not be restricted to that of a bailee but should be enlarged to that of common carriers. Railway's risk as insurers of goods can be minimised by standardised packing

conditions, better supervision, institution of mechanical handling etc.

Q: 21. Refund of claims should be made as expeditiously as possible.

#### PART III.

Q: 1. There should not be any abridgement of the functions of the Tribunal. Perhaps, its functions would require to be widened so as to accommodate suggestions which have elsewhere been put forward in this memorandum, namely, freight forwarding, pool-wagon service, consolidated wagon service, re-consignment in transit, etc.

The Association is agreeable to the Tribunal being invested with power to carry out periodical investigations into freight rates, as these investigations might throw useful light on the incidence of freight burden on trade and industry in general or on particular sections thereof. The need for such investigations is all the more necessary when the country has launched upon a gigantic scheme of industrial development.

Q: 2. Judicial check on Government's power to re-classify a commodity with a view to subjecting it to higher freight is necessary : as otherwise trade and industry will be subject to arbitrary powers of Government in the matter of freight. The Association is opposed to Government raising rates on all goods in a particular class in order to secure a higher freight on a particular commodity. It is safe to await judicial verdict on such vital matters.

Q: 3. The Association is opposed to the suggestion, as it is very laborious to go to the Tribunal in each case to have the reclassification annulled. There should, therefore, be no change in the existing position.

Q: 4. The Association's only suggestion is that the procedure should be such that the trade and industry should be able to secure from the Tribunal quick decisions at minimum cost.

Q: 5 & 6. Please see the answer to the previous question.

Q: 7. The chief reason for the non-appearance of the parties or their representatives is the complexity of laws.

Q: 8. The President of the Tribunal should be a person of the status of a sitting judge of a High Court. At least one of the

members should have expert knowledge of transport economics and particularly rating principles.

Q: 9. The present strength of the Tribunal is satisfactory. No change is called for.

Q: 10. The association of assessors with the Tribunal in resolving rate disputes is in order and should continue. The assessors should also be continued to be drawn from the recognised associations of trade and industry. The panel should be constituted once in three years. Government should issue a notification setting forth a list of associations or chambers recognised for representation on the panel.

Q: 11. If the periodical investigation is entrusted to the Railway Rates Tribunal as suggested in Q: 1, then no separate body is called for the fixation of rates. Parliament being the ultimate authority to decide what freights should be charged, another independent body is superfluous. Parliament should, however, be supplied with the investigation reports of the Tribunal.

Q: 12. The Association cannot subscribe to the view that there is no need for a judicial body like the Railway Tribunal on the ground that the railways are now entirely government undertakings functioning under Parliamentary control. The Tribunal should continue to adjudicate disputes arising out of rates.

## Tata Chemicals Limited,

Bombay.

### GENERAL

The primary objects of the current rate structure, which came into force from 1st October, 1948, were simplification and rationalisation, whilst extending also consideration to the level to which freight charges would have to be raised to meet the increasing railway cost of operation. The introduction of class and wagon-load scale rates, telescopic on a continuous mileage basis and uniform on all Indian Railways, necessitated the withdrawal of a number of special rates, quoted under different transport and economic conditions, the retention of which would have required the general level of rates to be higher than it actually is. Thus, emphasis has been laid rightly from the Commercial angle of the Railway's operating costs, and the interests of industrial development in the country (where economic justification could be established to the satisfaction of the Railways) are expected to be taken care of by obtaining station-to-station rates. How far these objectives have been achieved in practice, it is difficult for us to assess. We feel that, generally speaking, the introduction of the telescopic basis of charge has benefitted long distance haulage, while short distance traffic has suffered. The general level of freight charges has, of course, increased substantially which in its turn has altered the cost structure. While, probably, this cannot be helped, we feel that a re-orientation of the Railway rating policy along nationalistic lines is necessary. Development rates should form an integral part of the rate policy of the Indian Railways as they constitute the back-bone of India's transport system i.e., to say, the policy should be flexible so as to permit special assistance being given to industries in regard to movement of raw materials and finished products. A more liberal quotation of station-to-station rates is needed.

foster import and export traffic at the expense of internal railway movement. We feel that a reversal of this policy is called for and that exports and imports need not be specially favoured by the Railways. The country has still to reach self-sufficiency in a number of important products, the production of which is in the nascent stage and the Railways should take special care of these industries.

3. Another principle that is stated to be governing the Railway Goods Rating Structure is to charge what the traffic can bear. This ability to bear is generally related to bulk and value of the goods. Whilst this principle is a sound one, in practice the criterion for judging whether the freight rate on a particular class of traffic is high or low depends on whether there is sufficient movement of goods of that class at a particular rate. The Railways seem to think that because traffic will have to move because the industries concerned cannot be shut down; but it does not follow that the rate or classification is reasonable. Industries generally tend to be located at the source of raw materials, the economy of transport being one of the factors which determines location; but in the case of certain industries like the Heavy Chemical Industry, all the raw materials may not be available at the same place and it is the duty of the Railway Administration to see that transportation charges are so adjusted as to make the working of the unit economic. For instance in the case of our factory which is situated at Mithapur in the Okhamandal Taluka of Amreli District in Bombay, we are paying the maximum freight rate on coal and coke as the bulk of our requirements comes from Bengal and Bihar Coal Fields over a distance of 1,400 miles. The total freight per ton works out to Rs. 25/3/2-1/2 (including terminals, transshipment, cess etc.) at present (i.e.) after 1-4-1952. Prior to this date, the freight payable was Rs. 19/13/2-1/2 per ton. Thus

2. One of the principles that guided the Railways under the British regime was to

there has been a 27% increase. The cost of coal ex-quarry is Rs. 14-6 to Rs. 15-4 per ton and the current incidence of freight on cost of coal works out to 143% to 155%. It is therefore, felt that a suitable rebate should be given to reduce the burden to a reasonable extent. The same relief should be given in respect of coke also.

4. We also feel that in view of the stupendous industrial development that is going to take place, it is very necessary that Railways should concentrate on maximum turnover of their rolling stock. Unless the wagons are fully employed and more wagons put on rails, it may not be possible for their operating costs to come down, when alone

the Railways can think of reducing the burden of the current freight structure. The Railways should concentrate more on long distance traffic and leave short distance traffic (which is relatively costlier for the Railways to operate) to road transport. There should be proper co-ordination and co-operation between the Railways and the Road Transport System. In this connection, we would like to illustrate the idea by giving an example. In the case of our factory at Mithapur the bulk of our products move to Port Okha by rail over a distance of 7 miles in the first instance and from thence, by sea to various Indian Ports. For this short distance, the current railway charges are as under:—

		Per ton			
		Rs. a. p.			
(1) Soda Ash—smalls	...	...	4	15	5
"    "    —wagon-load	...	...	3	15	6
(2) Sodium Bicarbonate—smalls	...	...	5	1	8
"    "    —wagon-load	...	...	3	15	6
(3) Salt—Wagon-load	...	...	3	13	3
(4) Hydrochloric Acid	...	...	9	12	6
(5) Liquid Chlorine	...	...	6	12	11
(6) Bromides (Sodium & Potassium)	...	...	7	8	3 and so on.

We felt these charges to be too high and made a representation to the Western Railway in November 1953 (Ref: our letter G/953/53) stating that if we were to use road-transport, it would be costing us only about Rs. 1-10-0 per ton and requested them accordingly to charge us the minimum rate of Rs. 1-12-0 per ton irrespective of classification of goods. We have been finally informed by the Railway Board that they are unable to find any justification for a reduction in existing rates. This decision has been given after a thorough inquiry and investigation by the Western Railway into the facts mentioned by us. In consequence, we have purchased our own diesel trucks and have put them into commission just recently. We are mentioning these facts to prove that for short distance traffic, it would be always more economic to use road-transport than rail transport at the current freight rates.

5. *Terminals, short distance charges and minimum distance charges* :—For short distance traffic, the Railway levy 2 penalties, *viz.* short distance charge and minimum distance charge. The application of both based on "age old" practice is untenable as the rate structure has been revised entirely in upward direction from October 1948. The short distance charge was in order when the basis of charging was a flat rate varying exactly with the mileage, and this charge did not derive its validity from any doctrinaire policy, it obtained its economic justification from higher cost or rather lower profit to the Railways for short distance traffic involving uneconomic usage of wagon space. But in the very concept of a telescopic basis of charge vests a denial of the validity of extra charge. The telescopic rate itself provides for a heavier burden on relatively unremunera-

tive traffic; the gradation and scale are loaded against short distance movements. Hence, there is no justification for this charge.

As regards Terminals, these have been standardised for General Merchandise on one footing and for coal on a different footing. There is nothing to show that the services rendered by Railways in case of coal are of a lesser significance than on limestone or salt or such other materials of small value. Lower terminal charges for coal and coke are due to :

- (i) These being consigned loose or in bulk;
- (ii) Not susceptible to losses of pilferage or thefts as other commercial goods;
- (iii) Do not require same terminal facilities such as shed, or yard accommodation, marking or labelling, sheeting or covering, weighing etc..

The differentiation in terminals is highly objectionable. What is applicable to coal, must be applicable to all allied commodities where services rendered are similar. The terminals are supposed to be "a reasonable fee to cover charges for services incidental to the consignors or duty of a carrier such as working charges, repairs, renewals and insurance of station buildings, sidings, sheds, platforms, etc., ground rent, loading and unloading, clerkage, weighing and checking of goods, stores, covering, portage and other labour of every description, shunting gas, lighting rates and taxes, risk of damage in loading and unloading, cartage, claims for compensation etc. *inclusive* of profit". Actually, based on the above definition, different terminal charges were levied on different commodities and on different



railways. The new system of uniform Terminal Charges without rendering reciprocal service has no parallel in any other advanced country. It is apparent that articles like limestone booked in bulk, in open wagons, without weighing (i.e., charged on carrying capacity of wagon), without labels, without packing are entirely in a different category from the articles for which services are required to be performed. We feel that for limestone and other similar articles a lower terminal charge of 8 annas per ton can be scientifically levied. To-day, the short distance traffic is penalised in four ways: firstly, by short distance charge; secondly by disproportionate levy of terminals; thirdly by the minimum distance charge and fourthly by the overall minimum of Rs. 1/12/- per ton. It is clear that such a freight

structure cannot be called scientific by any stretch of imagination.

6. There are several varieties of chemicals for which no wagon load rates have been fixed such as liquid chlorine, magnesium sulphate, magnesium chloride, caustic liquor, etc. These can be offered in wagon loads and thus help railway operations, whilst utilising the full carrying capacity of the wagons. To encourage movement in wagon-loads, specially reduced rates may be given. It is also felt that the present scale of charges for wagon-loads and for traffic in small lots for certain commodities are disproportionately large and hence should be narrowed down considerably. In the case of certain items like Soda Ash, the difference between the two scales is noted below as an illustration:

From Mithapur to	Distance (Miles)	Scale of charges for wagon-loads Per ton			Scale of charges for small lots Per ton		
		Rs.	As.	Ps.	Rs.	As.	Ps.
Allahabad	1077	44	10	6	81	6	0
Bangalore	1297	52	5	0	94	13	6
Nagpur	899	38	13	6	70	11	11
Baroda	386	21	2	0	35	0	3
Bombay	611	29	12	4	53	14	0
Madras	1396	55	2	5	100	6	0
Agra Fort	800	35	2	6	64	5	10

7. *Movement of Liquid Chemicals in Tank Cars:* Although this subject-matter has been in correspondence since 1949 with the various Railways, nothing tangible has resulted till date. Several Chemical Manufacturing units have the problem of transporting in bulk Liquid Chemicals such as Liquid chlorine, Hydrochloric Acid, Caustic Liquor etc. For those units whose factories are situated on the Metre gauge line and whose markets are on the broad gauge, it will be necessary to provide special pumping facilities at the transshipment points for transferring the contents from Metre gauge Tank Car to Broad gauge Tank Car. The railway rates quoted also should be sufficiently attractive as this will be a new traffic to the Railways.

8. Another point to which we would like to draw your attention is the classification given to Liquid Chlorine and Hydrochloric Acid. Liquid Chlorine is charged at 13th class O.R. and at 14th class R.R. The containers have a tare weight almost equal to the weight of the contents, the relation of net weight to gross weight being 10:19. As freight is charged on gross weight, the rate on the contents of the cylinders doubles itself nearly. Hence either the Railways should upgrade the classification or devise a way of charging on the net weight of Chlorine gas filled into the cylinders. In the case of Hydrochloric Acid, it is placed

under class 15 which is the highest. Here also, the heavy tare weight of the containers which is about 30% of the net contents weighs heavily on the cost of transport. A similar product like Sulphuric Acid is charged at 14th class at Railway Risk and 12th class at Owners' Risk. We feel that the consumption of Hydrochloric Acid is not high owing to heavy transportation charges and as Hydrochloric Acid can replace Sulphuric Acid in many industries, it is in the national interests to encourage its consumption, as, unlike Sulphuric Acid, it does not depend for its manufacture on imports of sulphur from foreign countries. It also helps the Electrolytic Caustic Soda Plants to dispose of their surplus chlorine.

9. In conclusion, we wish to emphasise that key protected industries deserve special consideration, at the hands of the Railways, since they are not yet in a position to face foreign competition on equal terms and thus stand on a separate footing altogether. The Government have always accepted the recommendation of the Tariff Commission that protected industries should be assisted by the Railways, by a reorientation of the policy in regard to rail transport on long term basis to achieve the dual objectives of expanding industrial production and to minimising the burden on consumers. We trust that your Commission will take note of this and recommend favourably in the matter.

# The Grain & Oilseeds Merchants' Association,

Bombay.

## PART II.

Q: 1. (a, b & c) The members of this Association deal in commodities like oilseeds and grains. In these commodities since the introduction of telescopic rate system, there is no difference between the Railway Receipts issued on Railway risk or Owner's risk. It has been noticed that the members mostly despatch the goods especially grains on Owner's risk.

Q: 2. (a, b & c) In the commodities dealt with by members namely grains and oilseeds there is no practice of taking out private insurance and hence the reply has not been given.

Q: 3. The reply as in above Q: 2.

Q: 4. (a) So far as the consignments of grains and oilseeds are concerned, there is no marked increase in payment of compensation amount because of Railway's practice of getting signed by senders forwarding notes which immune Railways from liability of making compensation unless under special circumstances. The Railway may put forth claim of having to pay more compensation but this may be due to the fact that the prices of commodities have increased. But this factor does not lead to a conclusion that the Railways have become liberal in giving compensation.

(b) Volume of traffic has increased in grains after decontrol measures. Similarly traffic in oilseeds has increased because of liberal export policy of the Government. The figures of volume of traffic can be easily supplied by respective railways as they publish figures for supply of wagons. As regards prices for 1945-50 and 1950-55, as the commodity grains was controlled since 1948, the prices are not available. As regards prices of oilseeds some of the important are given at the end of this questionnaire.

Q: 5. (a) As regards the quantum of payment in respect of cases mentioned under this head, the same can be had only from the railways. As regards proportion, I may state that on information from members it is found that generally compensation was claimed in respect of damage to the goods in rainy season and except in certain cases, the claims were of lower denominations. In negligible cases, the claims were honoured for short weight. This was due to the fact that for claims regarding short weight, the fact that consignor has signed a forwarding note comes in the way of recovery of compensation amount.

Q: 6. The information is not available.

Q: 7. (a) As regards the commodities like oilseeds and grains, it cannot be said that trading public has earned any material advantage because of the Indian Railways (Amendment Act) of 1949 because it is very difficult for traders to prove negligence on the part of the railways' employees.

(b) The Railways seem to have not been at any disadvantage in respect of the commodities dealt with by the members, (grains and oilseeds) because it is in Court of Law that the evidence can be laid on the question of negligence and because the railway administration rejects claim under one pretext or another and because the traders have no time and money to take recourse to law Court, the railways on the whole cannot be said to be at disadvantage.

Q: 8. Although the commodities grains and oilseeds may be put into the category of commodities where Railway Receipts at Owner's risk and Railway Risk are issued, the fact remains that unless the consignor specially states that the consignments are to be sent on Railway Risk, owner's risk railway receipts are issued.

As there is no difference in rates of issuing Railway Receipts either at Owner's Risk or Railway Risk and as the forwarding note is being got signed by consignor, the traders who are always anxious to send goods despatch goods at owner's risk.

Q: 9. This question does not arise in case of commodities like grains and oilseeds as rate for sending goods at owner's risk or railway risk is same.

Q: 10 & 11. As said above, the rate for owner's risk or railway risk being same, it would not make any difference in despatching consignment of grains or oilseeds if the owner's risk practice is discontinued. However, it may be observed that in case of wagon-load consignments, the practice of giving owner's risk or railway risk railway receipts may be adhered to.

Q: 12. The suggestion of accepting goods like grains and oilseeds on railway risk only may be tried but regarding allowing certain reduction in rate if a trader offers to relieve railways of some portion of the risk, it is felt that no responsible trader will agree to this suggestion because to send goods at a certain lower rate will bar the trader from recovering any compensation even for their claims because it is the experience of traders that even with full rate of consigning goods at railway risk, the claims are ordinarily rejected under one plea or the other.

Q: 13. This question does not concern us and hence not replied.

Q: 14. As regards execution of forwarding notes in respect of goods carried on railway is satisfactory or not, it may be observed that forwarding note is nothing but a consolidation of various risk notes forms which were in vogue before August 1950. The whole idea in getting forwarding note signed is to protect railways from payment of compensation amount which may ultimately be claimed. A change here and there in the form of forward-

ing note will not improve the matter as Forwarding Note is subject to other provisions of Railway Act which make the liabilities of Railway that to be an ordinary bailee. Unless therefore the Railways are made insurers of goods and laws laid down in forwarding note will work in the interest of Railways only. However, it may be observed that forwarding note in case of ordinary goods traffic should not be got signed on flimsy grounds.

Q: 15. The goods like grains and oil seeds can only be despatched in gunny bags and goods are offered in sound gunny bags the question of packing condition will not present any serious difficulty and hence no suggestion.

Q: 16. In case of packing condition relating to grain and oilseeds trade, the goods are packed in hand stitched gunnies which have proved to be durable in transit and hence extension of compulsory packing condition is not necessary. At the most, because of rough handling if the gunny bags are found to be effective at some part of the bags, the Railway staff should ask the consignor to change bags or stitch them up on spot and then the consignment is accepted.

Q: 17. (a) The provision of warehouse for storage of goods prior to despatch is absolutely necessary because though the goods are received under railway premises, some time is taken up before they are actually loaded into the wagons. In order that the goods may not be spoiled, warehouse facilities will be helpful. As for warehouse facilities after delivery, if the delivery means delivery at the receiving station, though such facility will prove beneficial to the trade in the city of Bombay, this proposal would not be feasible on account of shortage space.

(b) It would be preferable if the Railways take up this work.

Q: 18. (a) It is an usual argument advanced by Railways that they are simply bailees in respect of goods entrusted to them for being despatched and it would be sufficient if the ordinary case of goods is taken. It is felt that case of railway differs from an ordinary bailee because the former is a public utility concern and therefore it is expected of it to take greater responsibility and care than would be required to be taken as an ordinary bailee. It is suggested that despite the limited liability of railway to be a bailee the onus of proving that the goods were properly handled and taken care of in transit at Railway premises or warehouses should be thrown on railways.

(b) It would be proper so far as the goods traffic is concerned (barring animals etc.) if the railways' liability instead of being that of a 'bailee' is made that of a common carrier, which, in effect, would make the railways 'insurers' of goods. This would increase the liability of railways but of course the railways if made insurers of goods, they would be more careful in handling the goods and inculcate efficiency in railway staff. The nature and extent of the liability to be assumed by the railways would be analogous to those prescribed by the Law of Common Carriers in English Law, of course with suitable changes in keeping with the conditions prevailing here.

Q: 19. The question of thefts and pilferages occurred during transit can only be prevented by railways by providing adequate railway police on trains. As for the thefts in the railway premises it is said that the thefts are generally carried out with the connivance of the railway staff itself. To prevent this the only step conceivable is to make use of more police in plain dresses. It is not understood as to what effective role can be played by State Government, Union Government or the public in this direction. Perhaps the C.I.D. of State or Union Government may work in co-operation with railway police to handle the culprits.

Q: 20. It is not possible to state as to the additional amount that will have to be paid by the railways if treated as common carriers but it is most probable that the compensation claims will increase to a greater extent but additional payment of claims should work as a deterrent to make the railway staff more efficient and careful.

### PART III

#### RAILWAY RATES TRIBUNAL

Note: Instead of replying to all questions, general observations are made here on some important aspects of Railway Rates Tribunal.

*Powers:* The Railway Rates Tribunal requires to be given power to initiate investigations in regard to freight rates. Tribunal should have power not only to reclassify a commodity for higher class but also power to reduce the freight rate, in special cases. It would be proper if the Central Government recommends reclassification of any commodity and got it approved from Railway Rates Tribunal, instead of giving power to Central Government to reclassify the commodity at a higher rate and then asking the party to make an appeal to the Tribunal. If the party is aggrieved by the decision of the Tribunal, revisional application should be allowed to be made to the Tribunal.


*Procedure:* The rules of procedure for making an application is little bit cumbersome. It has been experienced that an industry hoping that if a freight rate is reduced to carry goods to a particular destination, it will be benefitted, it makes an application to the Tribunal. The procedure is just like making application to Court of Law by giving notice and then fighting the case with the help of Lawyers. This ultimately proves expensive. The trading community at large generally does not take interest in making application to Tribunal because thrashing out issues before the Tribunal is a concern of an individual and that too of a particular kind of Industry. What the trading community wants is to represent the matter by sending a representation setting forth facts in justification of its claim for reduction in freight. Of course the Railway Administration may send its own representation to the Tribunal and both the representations may be simultaneously considered by the Tribunal. What is meant by adopting this procedure is to make the procedure simple in order to avoid detailed formalities as required to present a case before Tribunal.

*Whether functioning of a Tribunal has served the purpose:* It has been experienced that machinery of Tribunal has not been availed

of by general trading public at large. As the Government undertakings are functioning under Parliamentary control, it has become a moot point as to whether it would be worth while to have a judicial body like a Tribunal which can only be moved by parties who have means and energy to take disputes to the Tribunal. Consitution of an advisory body on the analogy of the Tariff Commision seems to be a good idea. What the commercial community desires is an Advisory body to assist the Central Government in the task of fixing freight rates. This Advisory body should comprise of official and non-official, persons. As for the personnel of

the non-official persons, it would be advisable to nominate representatives of trade associations controlling different trades. Though the advisory committee will have recommendatory powers and ultimate decision will be left to Government, the non-official members will atleast be able to put forth their considered views and if the Government ignores them it would be at its peril because after all if Railways have to earn, it will have to seek co-operation, of mercantile community which can be obtained only if just demands of mercantile community are taken into account.

*List of prices as mentioned in reply to Q: 4 (b). - Part II.*



Date	Linseed Rate per 1 cwt	Castor seed Rate per 1 cwt	Ground nuts Rate per 1 cwt
	Rs. a. p.	Rs. a. p.	Rs. a. p.
1-1-1945	15 10 0	15 11 0	14 2 0
15-1-1945	15 12 0	15 11 0	14 7 0
1-2-1945	15 14 0	15 9 0	14 8 0
15-2-1945	15 12 0	15 6 0	14 8 0
1-3-1945	15 13 0	15 4 0	14 7 0
15-3-1945	15 14 0	14 14 0	14 0 0
2-4-1945	15 11 0	15 1 0	14 4 0
16-4-1945	16 4 0	16 2 0	14 1 0
1-5-1945	16 6 0	15 11 0	13 15 0
15-5-1945	16 8 0	15 4 0	13 3 0
1-6-1945	16 10 6	15 2 0	13 6 0
15-6-1945	17 4 0	15 3 0	13 5 0
2-7-1945	17 15 0	15 3 0	13 8 0
16-7-1945	19 10 6	16 0 0	16 0 0
2-8-1945	19 1 0	16 1 0	16 6 0
15-8-1945	17 14 6	15 2 0	15 4 0
1-9-1945	17 14 0	15 1 0	15 3 0
15-9-1945	18 1 0	15 5 0	15 8 0
1-10-1945	17 15 0	15 3 0	15 8 0
15-10-1945	18 1 0	15 4 0	15 12 0
1-11-1945	18 2 0	15 3 0	15 15 0
15-11-1945	18 14 0	15 8 0	16 1 0
1-12-1945	19 12 6	16 1 0	16 10 0
15-12-1945	20 10 6	16 3 0	17 9 0
			
	Rs. a. p.	Rs. a. p.	Rs. a. p.
1-1-1946	21 4 0	17 1 0	18 8 0
16-1-1946	20 8 0	16 8 0	17 14 0
1-2-1946	20 15 6	17 1 0	19 15 0
15-2-1946	22 9 0	19 0 0	20 10 0
1-3-1946	22 10 6	19 9 0	21 4 0
15-3-1946	23 6 0	19 14 0	20 6 0
1-4-1946	24 12 6	21 10 0	21 8 0
15-4-1946	23 10 0	21 4 0	21 8 0
1-5-1946	25 1 0	22 3 0	22 8 0
15-5-1946	25 14 0	22 6 0	24 0 0
1-6-1946	25 7 0	22 8 0	25 13 0
15-6-1946	26 2 0	22 9 0	26 4 0
1-7-1946	25 3 0	22 14 0	27 0 0
15-7-1946	25 12 0	22 15 0	26 12 0
2-8-1946	28 10 0	25 3 0	24 12 0
15-8-1946	27 4 0	24 0 0	23 8 0
11-9-1946	24 6 0	24 0 0	23 15 0

## List of prices as mentioned in reply to Q : 4 (b) Part - II (Contd.)

Date	Linseed Rate per 1 cwt	Castor seed Rate per 1 cwt	Ground nuts Rate per 1 cwt
	Rs. a. p.	Rs. a. p.	Rs. a. p.
16-9-1946	24 10 0	23 6 0	24 0 0
1-10-1946	23 2 0	23 4 0	22 0 0
15-10-1946	23 8 0	23 15 0	22 4 0
1-11-1946	25 2 0	25 0 0	22 6 0
15-11-1946	24 12 0	23 13 0	23 0 0
2-12-1946	25 10 0	24 10 0	23 2 0
16-12-1946	25 8 0	25 1 0	21 0 0
	Rs. a. p.	Rs. a. p.	Rs. a. p.
1-1-1947	26 4 0	25 5 0	21 6 0
15-1-1947	26 13 0	24 15 0	...
3-2-1947	27 14 0	26 3 0	...
15-2-1947	30 8 0	27 9 0	...
1-3-1947	29 8 0	28 3 0	...
15-3-1947	27 8 0	26 13 0	29 0 0
1-4-1947	28 6 0	29 12 0	30 4 0
15-4-1947	24 10 0	27 4 0	27 8 0
1-5-1947	25 0 0	27 4 0	28 4 0
15-5-1947	27 10 0	30 4 0	31 0 0
2-6-1947	26 15 0	28 4 0	30 0 0
16-6-1947	29 8 0	29 8 0	31 0 0
1-7-1947	29 0 0	31 14 0	32 12 0
15-7-1947	30 14 0	33 6 0	33 14 0
2-8-1947	30 14 0	34 4 0	34 2 0
18-8-1947	31 6 0	33 12 0	33 8 0
1-9-1947	29 3 0	32 8 0	31 0 0
15-9-1947	30 10 0	33 0 0	33 0 0
1-10-1947	31 10 0	33 4 0	31 8 0
15-10-1947	31 0 0	31 4 0	29 4 0
1-11-1947	29 14 0	30 8 0	29 8 0
15-11-1947	29 13 0	31 3 0	28 4 0
1-12-1947	29 5 0	32 0 0	29 12 0
15-12-1947	29 3 0	33 12 0	32 2 0
	Rs. a. p.	Rs. a. p.	Rs. a. p.
1-1-1948	30 4 0	32 12 0	32 0 0
15-1-1948	31 0 0	35 8 0	33 0 0
6-2-1948	27 14 0	35 0 0	31 10 0
16-2-1948	28 4 0	34 8 0	31 14 0
1-3-1948	26 4 0	33 0 0	30 8 0
15-3-1948	25 0 0	31 4 0	30 12 0
1-4-1948	24 14 0	32 12 0	31 5 0
15-4-1948	25 8 0	30 0 0	32 4 0
1-5-1948	26 14 0	31 12 0	33 8 0
15-5-1948	28 4 0	31 8 0	34 4 0
2-6-1948	26 14 0	29 14 0	24 0 0
15-6-1948	27 12 0	28 13 0	35 0 0
1-7-1948	27 14 0	29 13 0	26 3 0
15-7-1948	28 3 0	29 2 0	36 0 0
3-8-1948	28 2 0	30 10 0	33 2 0
16-8-1948	26 12 0	30 6 0	31 6 0
1-9-1948	26 7 0	30 8 0	31 0 0
15-9-1948	26 8 0	30 14 0	35 0 0
1-10-1948	26 14 0	29 0 0	33 12 0
15-10-1948	27 0 0	29 0 0	34 8 0
2-11-1948	26 2 0	29 0 0	34 8 0
16-11-1948	27 8 0	29 14 0	35 0 0
1-12-1948	27 10 0	28 12 0	34 8 0
15-12-1948	27 7 0	28 12 0	34 14 0



## List of prices as mentioned in reply to Q : 4 (b) - Part II (Contd.)

Date	Linseed Rate per 1 cwt	Castor seed Rate per 1 cwt	Ground nuts Rate per 1 cwt
	Rs. a. p.	Rs. a. p.	Rs. a. p.
1-1-1949	26 10 0	27 12 0	33 12 0
15-1-1949	26 10 0	28 4 0	34 0 0
1-2-1949	26 14 0	27 12 0	34 4 0
15-2-1949	26 5 0	27 8 0	34 10 0
1-3-1949	27 8 0	27 4 0	36 6 0
16-3-1949	29 4 0	28 0 0	37 11 0
1-4-1949	29 8 0	27 6 0	38 1 0
15-4-1949	29 11 0	28 0 0	38 0 0
2-5-1949	31 4 0	26 12 0	36 9 0
16-5-1949	31 0 0	26 7 0	37 0 0
1-6-1949	29 2 0	25 12 0	37 10 0
15-6-1949	30 0 0	25 12 0	38 5 0
1-7-1949	29 2 0	26 4 0	38 0 0
15-7-1949	30 3 0	26 12 0	38 10 0
1-8-1949	30 6 0	27 0 0	40 4 0
16-8-1949	31 9 0	27 4 0	42 8 0
1-9-1949	32 0 0	26 0 0	43 6 0
15-9-1949	32 12 0	26 0 0	43 0 0
3-10-1949	33 8 0	26 8 0	44 12 0
15-10-1949	33 10 0	25 12 0	46 0 0
2-11-1949	34 4 0	24 6 0	35 8 0
15-11-1949	34 4 0	23 6 0	34 14 0
1-12-1949	34 14 0	24 0 0	34 14 0
15-12-1949	35 2 0	24 6 0	35 10 0
			
	Rs. a. p.	Rs. a. p.	Rs. a. p.
2-1-1950	34 14 0	23 0 0	36 11 0
16-1-1950	35 9 0	24 2 0	37 15 0
1-2-1950	36 14 0	27 4 0	39 4 0
16-2-1950	39 4 0	28 10 0	41 12 0
1-3-1950	39 2 0	29 10 0	42 8 0
15-3-1950	38 6 0	28 10 0	39 12 0
1-4-1950	37 2 0	27 6 0	40 12 0
15-4-1950	37 4 0	27 8 0	41 8 0
1-5-1950	37 0 0	27 10 0	43 8 0
15-5-1950	37 3 0	28 0 0	44 4 0
1-6-1950	37 12 0	29 3 0	44 4 0
15-6-1950	37 2 0	28 0 0	42 12 0
1-7-1950	37 11 0	28 0 0	43 12 0
17-7-1950	38 13 0	28 15 0	44 12 0
1-8-1950	41 4 0	31 2 0	45 8 0
16-8-1950	41 15 0	33 12 0	46 10 0
1-9-1950	41 7 0	35 14 0	46 12 0
18-9-1950	42 10 0	38 4 0	45 0 0
3-10-1950	42 0 0	35 10 0	43 0 0
16-10-1950	42 6 0	35 10 0	41 8 0
1-11-1950	41 6 0	36 8 0	38 8 0
15-11-1950	41 9 0	37 12 0	40 12 0
1-12-1950	41 4 0	39 12 0	42 8 0
13-12-1950	42 10 0	45 4 0	44 10 0
			
	Rs. a. p.	Rs. a. p.	Rs. a. p.
1-1-1951	44 0 0	48 8 0	45 12 0
15-1-1951	48 4 0	56 4 0	48 6 0
1-2-1951	48 1 0	57 0 0	48 4 0
15-2-1951	49 2 0	57 8 0	47 12 0
2-3-1951	47 8 0	57 12 0	48 0 0
15-3-1951	45 10 0	49 0 0	46 6 0

## List of prices as mentioned in reply to Q : 4(b) - Part II (Contd.)

Date	Linseed Rate per 1 cwt	Castor seed Rate per 1 cwt	Ground nuts Rate per 1 cwt
	Rs. a. p.	Rs. a. p.	Rs. a. p.
2-4-1951	43 2 0	49 12 0	48 0 0
16-4-1951	44 6 0	50 12 0	49 8 0
1-5-1951	44 6 0	47 8 0	50 0 0
15-5-1951	46 2 0	51 12 0	50 14 0
1-6-1951	45 9 0	50 8 0	50 12 0
16-6-1951	44 13 0	47 0 0	50 6 0
3-7-1951	40 8 0	44 0 0	48 0 0
16-7-1951	38 2 0	43 12 0	45 8 0
1-8-1951	33 14 0	39 0 0	40 8 0
17-8-1951	32 14 0	30 8 0	38 4 0
3-9-1951	36 0 0	34 8 0	38 8 0
15-9-1951	36 4 0	37 0 0	39 8 0
3-10-1951	37 4 0	40 0 0	38 4 0
15-10-1951	39 4 0	42 0 0	41 4 0
1-11-1951	39 8 0	40 8 0	40 0 0
15-11-1951	40 6 0	42 8 0	40 6 0
1-12-1951	40 6 0	40 0 0	37 6 0
17-12-1951	40 12 0	39 4 0	38 10 0
	Rs. a. p.	Rs. a. p.	Rs. a. p.
2-1-1952	39 10 0	39 4 0	38 7 0
15-1-1952	39 12 0	40 0 0	38 14 0
1-2-1952	37 12 0	36 0 0	35 12 0
15-2-1952	35 0 0	34 4 0	34 12 0
1-3-1952	30 12 0	29 0 0	29 0 0
15-3-1952	26 8 0	26 0 0	25 0 0
1-4-1952	24 4 0	24 0 0	25 12 0
15-4-1952	25 12 0	24 12 0	29 8 0
1-5-1952	26 4 0	26 8 0	30 4 0
15-5-1952	26 8 0	26 12 0	28 12 0
2-6-1952	26 4 0	27 12 0	28 10 0
16-6-1952	27 0 0	26 8 0	29 0 0
1-7-1952	29 8 0	29 12 0	31 8 0
15-7-1952	30 4 0	31 0 0	33 0 0
1-8-1952	29 12 0	33 0 0	33 4 0
16-8-1952	31 0 0	35 8 0	36 4 0
1-9-1952	28 12 0	32 4 0	36 0 0
15-9-1952	29 12 0	32 12 0	38 10 0
3-10-1952	30 0 0	33 0 0	38 0 0
15-10-1952	29 10 0	32 12 0	36 0 0
4-11-1952	26 10 0	31 12 0	31 12 0
15-11-1952	27 8 0	31 12 0	33 8 0
2-12-1952	28 6 0	31 6 0	29 14 0
15-12-1952	26 12 0	32 4 0	31 14 0
	Rs. a. p.	Rs. a. p.	Rs. a. p.
2-1-1953	27 6 0	32 0 0	32 4 0
15-1-1953	27 8 0	30 0 0	32 0 0
3-2-1953	26 6 0	30 14 0	35 4 0
16-2-1953	28 12 0	31 10 0	38 12 0
2-3-1953	28 4 0	31 6 0	38 14 0
16-3-1953	30 8 0	32 4 0	42 12 0
1-4-1953	28 11 0	30 10 0	41 4 0
15-4-1953	28 4 0	31 6 0	42 8 0
1-5-1953	31 6 0	30 12 0	45 14 0
15-5-1953	33 7 0	31 14 0	48 12 0
1-6-1953	33 2 0	31 10 0	46 12 0
15-6-1953	31 2 0	31 4 0	47 0 0
1-7-1953	30 0 0	31 8 0	47 8 0
15-7-1953	31 14 0	35 2 0	53 4 0

## List of prices as mentioned in reply to Q : 4 (b) - Part II (Contd.)

Date	Linseed Rate per 1 cwt	Castor seed Rate per 1 cwt	Ground nuts Rate per 1 cwt
	Rs. a. p.	Rs. a. p.	Rs. a. p.
1-8-1953	31 4 0	31 0 0	48 0 0
17-8-1953	29 8 0	29 6 0	47 8 0
1-9-1953	30 2 0	29 2 0	51 0 0
15-9-1953	28 12 0	33 0 0	51 8 0
1-10-1953	23 8 0	30 0 0	38 0 0
15-10-1953	24 14 0	31 8 0	40 0 0
2-11-1953	24 4 0	28 4 0	32 8 0
16-11-1953	26 0 0	26 8 0	29 8 0
1-12-1953	25 0 0	26 4 0	29 2 0
15-12-1953	29 8 0	26 4 0	32 0 0
	Rs. a. p.	Rs. a. p.	Rs. a. p.
2-1-1954	28 12 0	25 4 0	33 14 0
15-1-1954	30 0 0	24 4 0	35 4 0
1-2-1954	26 8 0	24 12 0	35 0 0
15-2-1954	27 0 0	24 4 0	34 12 0
1-3-1954	23 8 0	21 4 0	32 2 0
15-3-1954	24 8 0	22 0 0	35 0 0
2-4-1954	25 6 0	22 8 0	35 8 0
16-4-1954	26 4 0	23 0 0	36 4 0
1-5-1954	27 0 0	23 12 0	36 4 0
15-5-1954	27 4 0	23 8 0	35 6 0
1-6-1954	25 0 0	21 10 0	31 14 0
15-6-1954	25 2 0	21 12 0	32 8 0
1-7-1954	24 10 0	22 12 0	32 2 0
16-7-1954	24 8 0	21 12 0	31 6 0
2-8-1954	23 8 0	21 12 0	27 12 0
16-8-1954	23 8 0	19 6 0	27 8 0
3-9-1954	23 0 0	19 12 0	26 10 0
15-9-1954	23 5 0	20 8 0	27 4 0
1-10-1954	22 6 0	19 2 0	25 8 0
15-10-1954	23 6 0	19 2 0	26 0 0
1-11-1954	22 8 0	18 4 0	24 2 0
15-11-1954	23 0 0	18 4 0	24 4 0
1-12-1954	22 8 0	18 0 0	23 10 0
15-12-1954	22 8 0	17 12 0	22 8 0
	Rs. a. p.	Rs. a. p.	Rs. a. p.
3-1-1955	22 6 0	16 14 0	22 9 0
15-1-1955	23 8 0	15 6 0	20 8 0
1-2-1955	22 4 0	15 6 0	19 5 0
15-2-1955	21 14 0	15 8 0	21 8 0
1-3-1955	22 0 0	14 6 0	20 4 0
15-3-1955	20 8 0	13 12 0	20 6 0
2-4-1955	20 12 0	14 0 0	20 8 0
15-4-1955	21 10 0	14 0 0	20 0 0
2-5-1955	22 0 0	14 13 0	21 2 0
16-5-1955	22 6 0	14 2 0	21 0 0
2-6-1955	22 6 0	13 12 0	20 4 0
15-6-1955	23 14 0	14 8 0	20 14 0
1-7-1955	26 12 0	18 4 0	24 4 0
15-7-1955	26 0 0	18 10 0	23 8 0
1-8-1955	25 8 0	17 14 0	24 2 0
16-8-1955	23 12 0	17 2 0	24 0 0
1-9-1955	23 12 0	16 8 0	22 12 0
15-9-1955	24 2 0	17 4 0	22 0 0
1-10-1955	24 6 0	18 4 0	21 8 0
15-10-1955	24 8 0	18 8 0	22 14 0
1-11-1955	26 14 0	20 0 0	24 0 0
16-11-1955	27 2 0	20 2 0	22 10 0
1-12-1955	27 8 0	20 10 0	23 14 0
15-12-1955	28 8 0	21 10 0	26 0 0

# The Vanaspati Manufacturers' Association of India,

Bombay.

## PART I-A.

Q: 2. The present rating arrangements do not appear to provide in practice flexibility for meeting the legitimate needs of industries in regard to the movement of raw materials and finished products. There is a tendency not only to stick to the rules rigidly but even withdraw concessions in force for long periods with a view to augment revenue without inviting views of the interests concerned as to the effect of the withdrawal of such concessions on the development of the interests affected. To illustrate, at the time your Committee is investigating the freight rate structure, the Chief Commercial Superintendent, South Eastern Railway, has notified that the station to station rates for the movement of tin plate from Tatanagar to Bombay, Madras and Ernakulam have been withdrawn and the freight rates have been increased by over 50%. The trade and industry affected have not been consulted.

Similarly, this Association has made a number of representations to the Railway authorities pointing out the discriminatory nature of the levy of empty haulage charges for tank wagons only on Southern Railway, but without any success. It will be appreciated that even if the Railways wish to levy such haulage charges for the use of tank wagons and other special types of wagons, they should do so on the entire system after considering the views of the interests affected and not continue, as a public carrier, to discriminate against users of some types of specialised wagons on certain routes only.

It may generally be stated that, since the introduction of a standard pattern of the freight structure in 1948, the Commercial Departments of the Railways appear to be extremely cautious in considering proposals of concessional rates for developing traffic. In the interests of industrial development of under developed regions and promotion of new industries the Commercial Departments of the Railways should be encouraged to investigate the position and condition of particular traffic and give freight concessions within limits for nursing such traffic, subject to periodical review.

Q: 3(i). The wagon load scales have been prescribed for only a few commodities. In our opinion, wagon-load scales should be prescribed for all commodities as it would encourage movement of goods in full wagon-loads and ensure better utilisation of the available wagon supply. The movement of goods in wagon-loads is also to the advantage of the Railways as they do not have to worry about storage of goods prior to their loading into wagons and assume responsibility by issue of Railway Receipts long before wagons are available as is the case with the movement of goods in 'smalls'. At present no wagon-load scales are prescribed for oil and vanaspati although they move largely in wagon-loads. We would also suggest that to ensure fuller utilisation of

wagons the same consignor should be permitted to indent full wagons and load his various products in the same wagon, the freight being calculated in proportion to the classes to which the products loaded belong and scheduled percentage discount being allowed for booking goods on wagon-load basis.

(ii) (a). There is no uniformity in the distance range and the number of ranges between class rates and wagon-load scales. We would suggest that the uniform distance range of 300 miles should be made applicable to wagon-load scales also and there should be only 3 legs as in the present schedule of class range.

(b) No comments.

Q: 5: In our opinion, levy of separate terminal and transshipment charges is unnecessary and it only increases clerical labour and makes calculation of freight charges more complicated. These charges can be included in freight rates, especially when telescopic scales automatically allow for reduced loading and unloading and to some extent even transshipment costs.

We are, however, in favour of retaining a short distance charge for haulage of less than 75 miles in order to discourage movement of goods by rail for such short distances when alternative means of transport are available and when Railway facilities are in short supply for essential long distance traffic.

Q: 8. The vanaspati factories use tank wagons for the movement of oil from oil mills to vanaspati factories. Except Southern Railway no Railway levies the haulage charge for the empty return of tank wagons from vanaspati factories to loading stations. In our opinion, there is no justification for the levy of such empty haulage charge especially when it is not levied for the empty movement of other wagons of special types. The levy of empty haulage charge discourages Railways from developing traffic for the return journeys when with a little extra effort it can be done, e.g., use of vegetable oil tank wagons for movement of mineral oils after proper cleaning.

Q: 9 & 10. (Please also see reply to Q: 31)

Present classification of goods contains many anomalies and the commodities are not necessarily grouped together on the basis of their characteristics and their prices, e.g., vanaspati is grouped with ghee and butter although the price of vanaspati is generally one-third that of ghee. While edible oils come under class 3 (owners' risk), vanaspati comes under Class 8 (owners' risk). The freight rate for vanaspati is, therefore, nearly 50% higher than that for edible oils. Since vanaspati normally costs only 1/3rd as much as ghee, in our

opinion vanaspati should be grouped under Class 5 between ghee and oil on a valuation basis rather than Class 8. The effect of the present classification of vanaspati *vis-a-vis* edible oils is indicated in replies to Q: 31 and 42.

There is also a great disparity in freight rates for groundnut with shell, groundnut kernels and groundnut oil. To illustrate, we give below a Table showing the relative freight burden for consignments of those three commodities from Hyderabad Dn. to Akola :—

Commodity	Minimum Quantity despatched for special rate concession	Freight	Amount	Quantity despatched in terms of oil	Rate per maund of oil
		Rs. a. p.	Rs. a. p.		Rs. a. p.
G. N. Oil	240 maunds	1 7 0	345 0 0	240 maunds	1 7 0
G. N. Kernels	450 "	1 0 8	468 12 0	195 "	2 6 6
G. Nuts (with shell)	240 "	1 10 8	397 8 0	80 "	4 15 6

Such vast disparities in the relative freight burden naturally discourage movement of seeds and encourage concentration of oil crushing industry in the seed producing centres only. It is to be considered whether in the interest of decentralisation of industries such wide disparities in the freight burden should not be reduced, if not eliminated.

Again discrimination exists in the classification of new and old tin containers for oil. The cost of moving old empty tins from Delhi to Rajkot is Rs. 1.13-1 per maund while for new containers it is Rs. 3.0-4 per maund. With very insufficient tank wagons, the bulk of vegetable oils moves in containers. This large difference in the freight rates leads to movement of oil largely in second hand containers involving heavy losses of valuable oil through leakage to the detriment of the consignee and the country. In our opinion, the Railways should encourage the use of new containers in order to reduce waste of oil, by reducing freight rates for new empty containers to the same level as old containers.

Q: 11. In order to encourage movement of goods in wagon-loads, thereby ensuring better utilisation of the available wagon supply, we recommend that wagon-load rates should be introduced for all commodities. The wagon-load rates should be 15% to 20% below the 'smalls' rates as wagon-load movement helps to secure better utilisation of wagons and also reduces the work of the Railways in loading, unloading, etc.

Q: 16. We agree that for improving utilisation of the transport capacity the existing minimum weight condition may be revised upward for qualifying for a wagon-load rate where characteristics of goods permit larger loading in a wagon. The opinion of the industry and trade concerned should be obtained by the Railways before revising such minimum weight conditions for specific commodities.

As the movement of goods in wagon-loads involves less expenditure to the Railways in handling such goods, the wagon-load rates should be cheaper than the present class rates as suggested by us in reply to Q: 11.

In view of our recommendation for upward revision of minimum weight conditions and lower wagon-load scales for all commodities, we do not recommend reduction in freight rates for quantities loaded beyond the minimum weights per wagon as it might encourage over-loading of wagons resulting in damage to goods in transit.

Q: 17. In our opinion, special 'train load rates' are desirable and feasible as specially reduced train load rates between two stations for a commodity for a minimum weight of 800 to 1,000 tons would help the trade to move goods in bulk at lower freight and Railways to obtain traffic in bulk for speedy movements.

Q: 18. In our opinion, special express goods services between important industrial centres should be a normal feature of all Railways for expeditious movement of goods and there should be no additional charge for such service.

Q: 19. While we have no comments to make on the supply of cranes for loading and unloading heavy consignments by the Railways, we would like to suggest that for encouraging movement of goods in bulk Railways should provide special handling facilities wherever necessary. For example, Railways should provide pumping facilities for pumping vegetable oils into tank wagons at all stations from which the movement of oil is sufficient to encourage its transport in bulk. It is also necessary to provide oil pumping arrangements at transshipment points for transferring oil from Broad Gauge to Metre Gauge tank wagons and *vice versa*. Such facilities will reduce the loss of oil due to leakage and will also help the Railways to reduce the turn-round period of tank wagons.

Q: 22. Despite the short distance charge, the incidence of rail freight is not likely to be higher than that of road transport charges, except for a very short distance, because of (1) high taxation on motor vehicles and on petrol, (2) the tendency of municipalities to levy higher octroi on goods coming by road than the terminal charges levied on goods arriving by rail and (3) the tendency of some towns to levy non-refundable octroi on goods in transit. Hence, the transport by road is



generally resorted to only when wagons are not available for movement of the goods within reasonable periods.

Q: 29. Prior to 1948, station-to-station rates for the movement of vanaspati from Bombay to Calcutta, Madras, Delhi and other major towns in the country existed. With the abolition of the rates, the incidence of freight has increased substantially. This factor, combined with the lower incidence of freight on oil, has helped to develop the Vanaspati industry in the vanaspati consuming centres of the North and the East. Thus its development has not been uniform throughout the country. For further clarification of this point, please see our reply to Q. 31.

Q: 31. While economics of transportation and the needs of Railway finance are important considerations for a Railway freight rate policy as a whole, freight rates for specific commodities should be adjusted for fuller utilisation of the existing industrial capacity, for encouraging decentralisation of industries, and such special consideration where the relative needs of transportation of different goods require. If the Railway freight rate policy fails to take into consideration

the broad objectives of policy of industrialisation of the type mentioned above, it results in waste of capital resources and to some extent nullifies the effectiveness of other measures to achieve the targets Government have in mind. To illustrate, in the post-war plans Government decided to decentralise the vanaspati industry which prior to World War II was concentrated largely in Bombay and around Delhi. Accordingly, licences were issued for establishment of vanaspati factories in oil producing centres of the South, in Sourashtra, in Madhya Pradesh and in other parts of the country where there were no such factories. Compared to only 22 factories in 1946, 56 factories have come into existence or are under construction at present in accordance with this policy.

The following Table of the number of factories, their estimated productive capacity and vanaspati production and consumption in 1952 and 1954 in the 5 regions, into which the country is divided for this purpose, illustrates how this policy of decentralisation is being made ineffective by the freight rate policy.

States	No. of factories and capacity	Production of Vanaspati		Consumption of Vanaspati		Increase %	
		1952	1954	1952	1954	In production	In consumption
Andhra, Madras, Travancore—Cochin, Mysore, Hyderabad ...	19( 84000)	20445	23676	13576	14779	15%	9%
Bombay, Saurashtra, Kutch, Rajasthan and Ajmer ...	16(155000)	82500	83721	37267	41315	1.5%	11%
Madhya Pradesh, Vindhya Pradesh, Madhya Bharat and Bhopal ...	3( 34000)	15938	21717	11658	14322	36%	23%
Delhi East Punjab, Uttar Pradesh, PEPSU, Himachal Pradesh ...	9(112000)	43844	61344	80430	89472	22%	11%
West Bengal, Bihar, Assam, Orissa and Tripura ...	9( 85000)	27865	39750	40390	47251	38%	17%
Total ...	56(470000)	190597	230208	195599	222557	21%	14%

It will be observed that the consumption of vanaspati is largely concentrated in the North and to a lesser extent in the industrialised regions of the West and the East (see also the table of statewide movement of vanaspati under Q. 42). The South and the Western parts of the country which are also oil producing areas have surplus vanaspati for export to the eastern and northern regions which are deficit. However, as the difference in the freight rates of oil and vanaspati is appreciable, the factories in the South and in the West find it increasingly difficult to compete with the factories situated in the consuming centres of the North and the East. For example, the cost of moving groundnut oil from Bombay city to Delhi is Rs. 2-6-8 per md. while that for vanaspati of same weight comes to nearly Rs. 8-13-0. It will be obvious that it is more economical to move oil and produce vanaspati in the vanaspati consuming centres of

the North and in the East rather than move vanaspati from the oil producing centres. This explains to a large extent why 10 out of 19 factories in South India and 5 in West India are closed or have not come into production while the vanaspati factories in the North have not only increased production more rapidly but have also increased production capacity recently. Thus the economic forces generated by the discriminatory freight rate policy in respect of vanaspati *vis-a-vis* oils are gradually bringing to nought the policy of decentralisation of the factories followed by Government in the immediate post-war period. This Association, representing the vanaspati manufacturers throughout India, is interested in the development of the Industry throughout the country. It does not wish, therefore, to encourage the vanaspati industry in one sector at the expense of another, but merely wishes to point out how lack of co-ordina-

tion in Government policies in different Ministries results in the waste of capital resources as illustrated by the history of the vanaspati industry in the last decade. We strongly feel that the freight rate classification of vanaspati is a portent case of waste of industrial capacity and a curb on consumption, both being contrary to national policy. We would therefore recommend that it should be changed as suggested by us in reply to Q: 10.

Q: 34. All industrial ventures take time to be remunerative and national undertakings like rail transportation should not be developed on the basis of immediate profitability. On the contrary, the Railways should construct new lines in areas where potential resources promise adequate traffic in the long run and the Railway should take initiative in making the potential of various under-developed areas known to entrepreneurs so that the traffic may develop more rapidly. American Railways have and are still performing a very useful service in making known advantages of location of different types of industries in regions served by them. There is no reason why Indian Railways should not undertake publicity of industrial potentials of various regions on their lines in order to increase traffic where the demand for transportation is below the railway capacity.

Q: 42. The production of vanaspati has been steadily increasing in the post-war period as indicated by the following figures:

Year.	Production. Tons
1946	1,42,836
1947	97,160
1948	1,27,664
1949	1,54,923
1950	1,72,437
1951	1,71,851
1952	1,90,597
1953	1,91,182
1954	2,30,000
1955 annual rate estimated.	2,59,000

While we have no data regarding direction and range of movements of vanaspati in the last decade, we attach Tables showing State-wise movements of vanaspati in 1952 and 1954.

It will be observed that vanaspati unlike ghee moves throughout India, particularly from South and West to regions in the North and in the East. Thus, although the production of vanaspati is about half that of ghee, it is our surmise that far more vanaspati moves over longer distance than ghee, the movement of which is essentially regional and the bulk of it is sold in local markets. As regards the change in pattern, we have already pointed out under Q: 31 that there is a tendency for vanaspati production to be increased in the main consuming centres of the North and the East more rapidly and to eliminate the movement of it from the surplus areas of the South and the West. Correspondingly the movement of oil must increase as groundnut oil produced largely in the South and in the West. As people in

the North prefer consistent fat to vegetable oils, the demand for vanaspati in this region is bound to increase more rapidly than in the South where the people prefer vegetable oils. At the same time, when the standard of living improves and more urban areas develop the demand for vanaspati in such areas will also go up. It might therefore be assumed that outside the North the demand for vanaspati will increase depending upon the rate of improvement in the standard of living and in the development of industrial areas.

Q: 43. While we are unable to give any opinion on the effect of the freight rate policy adopted in 1948 on the location and phase of development of the Vanaspati Industry, we have indicated the effect of the difference in the freight rates on oil and Vanaspati on the location and development of this industry under Q: 31.

Q: 44. While there is no uniform practice in regard to quotation of vanaspati prices by various manufacturers, it may be generally stated that the bulk of vanaspati is sold on f.o.r. destination basis. The incidence of freight in relation to the price of vanaspati would vary from region to region depending upon the extent of competition among vanaspati manufacturers in the region.

#### PART I-B ANNEXURE V

1. The weights of principal raw materials required to produce 100 tons of vanaspati are approximately as follows:

105 tons of edible oils (groundnut, cottonseed and til)  
2 tons of bleaching earth  
 $\frac{1}{2}$  ton of caustic soda  
9 tons of tinplate

While no accurate estimates of coal consumption are available, according to Government statistics 2,90,162 tons of coal was despatched to vanaspati factories in 1954 when the production of vanaspati, refined and hardened oils was about 2,48,000 tons. The figure of coal despatches probably includes coal sent to the vanaspati factories for their own oil mills.

2. The figures of production of vanaspati during various calendar years have been given under Q: 42.

3. The abolition of special station-to-station rates in 1948 has increased freight burden on vanaspati transported to terminal markets. Please also see reply to Q: 31, 42 & 43.

4. The principal raw material for the manufacture of vanaspati is edible oil, primarily groundnut and to a small extent cotton seed and til. The vanaspati factories situated in oil producing centres of South India and Saurashtra buy their oil requirements locally or have oil mills to crush seeds produced in the surrounding areas. However, the vanaspati factories situated in terminal markets like Bombay and Calcutta and in the consuming centres in U.P., Delhi and Punjab receive groundnut if they have oil mills or groundnut oil by rail from a distance. The factories in the East draw oil from Hyderabad, Andhra and Madras and to

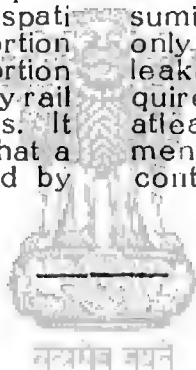
a small extent from Madhya Bharat and Khandesh districts of Bombay. The factories in the North receive bulk of their requirements from Saurashtra and stations on Western Railway in Bombay and Madhya Bharat. Bombay factories receive oil mainly from Hyderabad and Khandesh districts of Bombay and to some extent from Saurashtra.

As regards vanaspati, the requirements of large cities like Bombay, Calcutta, Madras and Delhi are largely met by factories situated within them or within a few miles. In addition, owing to difficulties of rail transport, vanaspati is despatched to areas within a short distance of about 100 miles by road. The rest of the movement is by rail. This movement is substantial as indicated in the Table of State-wise despatches given in the reply to Q: 42. It is regretted that no detailed statistics of the movement of oil and vanaspati can be furnished as the same are not available.

9. The Vanaspati Industry, producing vanaspati at present at an annual rate of nearly 2,60,000 tons in addition to industrial hardened oil and refined oil, consumes about 3,00,000 tons of edible oils. Some of the vanaspati factories have their own oil mills to meet whole or part of their oil requirements for vanaspati. There is no reliable data available regarding the proportion of oil consumption of the Vanaspati Industry met by own oil mills, proportion bought in local markets and proportion purchased in other areas and moved by rail in bulk or in containers to the factories. It may, however, be generally stated that a very large proportion of oil purchased by

vanaspati factories in Bombay city comes in tank wagons because of facilities for back-loading of mineral oil tank wagons returning to Bombay. The factories in the North and the East have to rely largely on movement in drums because of gross insufficiency of tank wagons for vegetable oils and in particular on the metre gauge where the number of tank wagons is negligible. As the number of tank wagons for vegetable oil traffic increases, the vanaspati factories will move more and more oil in tank wagons as it is very economical. The movement of oil in drums or tin containers is more expensive because of loss of oil through leakage, depreciation and interest on capital locked up in containers, additional freight on account of the weight of the containers when filled and on the transport of empty containers back to the oil producing centres. The loss of oil due to leakage in tank wagons is negligible, whereas the loss of oil moving in drums is on an average about 2% and may go up to 5%. It is estimated that a Calcutta vanaspati factory obtaining oil from Adoni saves about Rs. 70 per ton and a Bombay factory obtaining oil from the same centre saves from Rs. 45 to Rs. 50 per ton by transporting it in tank wagons instead of drums.

In our opinion, it would be in the national interest to move oil in tank wagons to consuming centres as far as possible as it is not only reduces the loss of valuable oil due to leakage but it also reduces transport requirements as 1 tank wagon can replace atleast 3 wagons required for movement of the same quantity of oil in containers.



## Oil Industry Supply Committee, Bombay.

### GENERAL

Petroleum products in general incur higher freights than other basic materials required for expansion and development under the Second Five Year Plan. We give

below a comparison of incidence of freight on oil and coal as given in the Railway Board Report 1953-54 :—

Commodity.	Classification.	Tons originating on home line. (in 100 tons)	Earnings. (in 100 rupees)	Earnings. (per ton in rupees)
Coal, Coke & Patent Fuel	... *R 1	206,241	20,93,290	10.15
Petrol	... **O 12	7,982	4,18,134	52.38
Other mineral	... **O 3	20,777	6,44,238	31.01
*R—Railway risk.		**O—Owner's risk.		

As we have indicated below the cost of freight incurred has a direct bearing on the prices of Petroleum products. The heavy incidence of railway freight must therefore

affect the construction and operating costs of certain project under the Five Year Plans. In particular we would mention :

High speed diesel oil used in heavy earth-moving machines.

Light diesel oil used in the generation of electricity and for water pumping.

Furnace oil used in the generation of electricity.

We therefore feel that any steps that can be taken to reduce the freight incidence on P.O.L. products will be to the advantage of the country as whole. In this connection

we would mention that we would favour the abolition of the practice on certain railways of charging a return freight on empty tank-wagons.

## PART I B ANNEXURE VI

1. The present price structure for all petroleum products is based on ex. main port prices to which is added, amongst other main port charges, the actual railway freight

to calculate the destination selling rate. We give below examples of our selling rates for Motor Spirit excluding State Sales Tax showing the amount of railway freight included :-

		Selling rate per gal. in bulk			Freight per gal.		
		Rs.	a.	p.	Rs.	a.	p.
Pathankot	...	2	13	6	0	8	4.0
Delhi	...	2	12	0	0	6	9.0
Lucknow	...	2	10	6	0	5	2.0
Patna	...	2	8	6	0	3	1.9
Jaipur	...	2	9	0	0	4	2.0
Nagpur	...	2	9	6	0	4	5.2
Hyderabad	...	2	9	3	0	4	3.23
Bombay	...	2	4	0			—

2. Introduction of telescopic freights between one Railway and another introduced in 1948 has had no effect in principle on the price structure and selling rates have been revised where any change was necessitated on the basis given in (1) above. Any increase in railway freight has been passed directly on to the consumer.

3. Introduction of the oil refineries in India necessitates no revision in the railway freight rates. Somewhat longer hauls may be required from the refinery ports and as far as these are concerned, the telescopic freight rates are advantageous.

### 4. Petroleum Product Despatches by Rail—1954—All India :

No.	1 Zones	2 Petrol/ Av. Sprit	3 Kerosene/ HSD/VO &c.	4 LDO/ Furnace oil	5 Total (2+3+4)
(Figures in 000 gallons)					
1	1 to 50 miles	37531	33151	16513	87195
2	51 — 100 „	9208	20683	6232	36123
3	101 — 200 „	34662	75941	33045	143648
4	201 — 300 „	29234	60663	22431	112328
5	301 — 400 „	25861	55999	13055	94915
6	401 — 500 „	17699	54809	8858	81366
7	501 — 600 „	9325	24117	5104	38546
8	601 — 700 „	17699	19980	4253	41932
9	701 — 800 „	5913	8215	2848	16976
10	801 — 900 „	8375	3415	1461	13251
11	901 — 1000 „	12698	16156	6102	34956
12	1001 — 1100 „	8782	5385	3254	17421
13	1101 — 1200 „	6824	3415	481	10720
14	1201 — & above	8685	1053	222	9960
	Total	232496	382982	123859	736337

## 5. Percentage of packed despatches :

No.	Zones	% of packed despatches to Total despatches
1	1 — 50 miles	18
2	51 — 100 „	15
3	101 — 200 „	12
4	201 — 300 „	14
5	301 — 400 „	19
6	401 — 500 „	11
7	501 — 600 „	15
8	601 — 700 „	10
9	701 — 800 „	13
10	801 — 900 „	11
11	901 — 1000 „	16
12	1001 — 1100 „	6
13	1101 — 1200 „	5
14	1200 and above	5

6. We consider the present division of telescopic rates for oil suitable. In line with Q. 21 of the main body of the Questionnaire, we would be prepared to see an extra charge levied on bookings up to 150 miles, not to be included as part of the telescopic rate for bookings beyond that distance. This will have the purpose of diverting some load from the railways for short hauls which we understand, are uneconomic for the railways.

If it is administratively possible we should like this loading applied selectively because at certain main despatching points such as Kandla, Cochin and Tinsukia, no diversion to other forms of traffic would be possible.

7. The distribution policy is that all stations should be fed from the nearest main port under the principle that supplies should be brought to the consumer at the cheapest

possible rates. As an example, Kandla Port will feed the area to which despatches can be made from Kandla giving a cheaper selling rate at destination than any alternative source of supply, e-g. Okha or Bombay. This area in fact includes the whole of the Rajasthan Metre Gauge area and extends into the B. G. area north and west of Delhi.

8. The natural supply area for products from Assam is along the M. G. system. It will be realised that there are many stations on this system to which the freight from Tinsukia or Digboi is higher than freight from Calcutta but Assam production must find an outlet and distribution is planned to markets which can relatively be more economically supplied from Assam in comparison with supply from any other source.

## The Wallace Flour Mills,

Bombay.

### GENERAL

It is not possible or necessary for us to deal with the whole questionnaire but we would make the following observations, which, we hope, will be given due consideration by the Committee, while arriving at their decisions :—

Being engaged in the manufacture of Wheat Products, we are vitally interested in the Freight Rates of Wheat and Flour.

At present both Wheat and Flour are having telescopic rates under classes D and H respectively and Wheat is besides, subject to the maximum rate, which means that no freight is payable for distances beyond 1,500 miles.

As you are aware, it is only in certain parts of the country, viz. Punjab, Rajasthan, U. P. and C. P. that Wheat is grown on a large scale and other parts have to import their requirements from these parts. Besides certain harder qualities more suited for Milling are grown only in the Punjab and adjoining areas. We have, therefore, to get our requirements, which come to about 15,000 tons per month from that side and the distance to be covered is about 1,000 miles. Freight thus tells heavily on our cost of raw materials as compared to Mills situated in or near Wheat Growing Areas. To spread the charge more equitably, we would suggest that the present telescopic rates be so



adjusted that the rates for places beyond 300 miles are brought down and this can be done by inter-adjustments in the present rates and abolition of the maximum rate, in place of which a graded rate may be fixed as that would be more equitable.

With substantial increase in the production of indigenous Wheat in recent years and further increases expected in the near future on completion of the Irrigation Projects and increased use of Fertilizers and better methods of farming, the country will be more than self-sufficient in its requirements of Wheat and it would not be surprising if it becomes an exporting country instead of an importing one. In view of this position, it is presumed that no imports of wheat, would be permitted in future and the mills in Ports like Bombay, Calcutta and Madras, would lose the advantage they had all along been having of importing Foreign Wheat whenever it was cheaper than the indigenous wheat laid down at the respective ports, which enabled them to be on par in respect of cost of Wheat with the Mills in the interior who had wheat at their doors. Besides, with the partition of the country, the port mills are deprived of the advantage they had of cheaper transport by sea through Karachi and they are placed in a difficult position in regard to their requirements of Wheat. There has been considerable development of the Milling Industry in the ports and in fact most of the big Flour Mills are established in Ports, which offered special import and other facilities and if having regard to changed circumstances now obtaining, they are not helped by proper adjustment of freight-rates, their future would be jeopardised.

The question of Freight on Flour also calls for serious consideration from the same point of view. There are at present telescopic rates for this commodity under Class "D" but without a maximum. The present rates on Flour are about 25% higher than those on Wheat and this is as it should be. For, Port Mills or Mills situated in areas far away from Wheat Growing Areas, have to pay heavy freight on whole wheat and can ordinarily send out only flour comprising about 70% of Wheat to distant markets, which they usually serve. The Mills in Wheat Growing Areas do not have to pay any freight on Wheat or if some of them have to pay it is quite nominal. Their products are, therefore, comparatively much cheaper and if the rates on flour are the same as Wheat, the Port Mills will be placed at a considerable disadvantage in the markets served by them. In fact the Interior Mills with this advantage can easily and successfully compete with the Port Mills even in their home market, even if we leave aside the question of distant markets, for the latter would have to pay freight on whole wheat while the former only on flour, which represents about 70% of whole wheat. If anything, the difference between the rates of wheat and flour should be at least 30% and in any case it should not be less than the difference now obtaining as otherwise Port Mills would be placed in a very adverse position even in their home markets.

It is hoped that both the above aspects will be carefully considered and nothing will be done to harm the interests of long-established Flour Mills in the Ports and in parts far away from Wheat Growing Areas.



## The Bombay Sheep & Goat Merchants' Association,

Bombay.

### PART I-A

#### GENERAL

1. Transportation of Live Stock specially in Western Railway and also in the Central Railway is one of the biggest source of earnings.

2. Before 1st. October, 1948, Railway freight on the transportation of the live-stock was Re. -/5/6 on the Metre gauge and Re. -/4/- on Broad gauge per mile per wagon (the carrying capacity of the Metre gauge wagon is 50 and that of the Broad gauge wagon is 75 sheep or goat).

3. From the 1st October, 1948, the Railway freight rates were exorbitantly increased to Re. -/8/- on the Metre gauge and Re. -/9/- on the Broad gauge per wagon per mile.

4. On this occasion, we moved the Railway Rates Advisory Committee to reduce the rates. No attention on our representation was paid and again we approached the Railway Rates Tribunal which was appointed by the Government of India under the Presidentship of Shri N. S. Lokur on the 23rd April 1949. To our utter disappointment no action was taken by this Tribunal also.

5. Again we made certain representations to the Railway Ministry and the Railway Authorities on 9th March, 1949, 6th April, 1949, 20th April, 1949, 2nd June, 1949, 12th June, 1949, 4th July, 1949, 15th July 1949, 17th July, 1949, 31st July, 1949, 1st August 1949, 11th August, 1949, 29th August, 1949, 16th September, 1949, 18th

September 1949, 21st November, 1949, 13th Feb., 1950, 21st June, 1950, 22nd July, 1950, 26th Aug. 1950, but all in vain.

6. Again in the year 1955, Shri Lal Bahadur Shastri, Railway Minister was moved through a Memorandum. In its para No. 10 on pp. 5 & 6 a request was made to reduce the rate on the Railway Freight charged on the live-stock (Sheep & goat).

7. The Railway freight is being increased since 1948 and has now resumed such vast proportions that it has been raised by 140%. I would quote only one example of such a rise from my own Station on the Western Rly., Sojat Road to Bandra (Bombay). The freight charges for 150 sheep (In 3 M. G. wagons and 2 B. G. wagons) was on 30th. Sept., 1948, Rs. 339-12-0. In Oct. 1948 it was raised to Rs. 704/- and in May, 1949 it was again raised to Rs. 724/-. When worked out this charge comes to Re. -/8/- per pound on mutton which apparently is the highest charge on edibles in the world. Even the Australian mutton which is imported from a distance of about 5,000 miles sells, in Bombay at the rate of Re. -/7/- per lb. inclusive of cost, freight, packing, forwarding and other charges. The Railway authorities have not devoted much attention to encourage this business which gives lacs of rupees annually in the shape of earnings to the Western Rly. & Central Rly. and which is one of the biggest and permanent earning source.

8. Freight Charges on other commodities were also raised in 1948 by 30% to 40% but

which have been revised on the representations of the respective traders, and further telescopic rates were fixed on those commodities. It is not understood why the live-stock trade is being given a step-motherly treatment and no relief whatsoever has been given to its transportation charges as yet.

9. From 1st April, 1955, all the goods and passengers traffic are allowed the telescopic rates, but unfortunately the Live-Stock Trade has been totally deprived of even this small concession also, as uptill now the Live-Stock Transportation is being charged at full Flat Rate System with an additional charges of Rs. 7/- for each M. G. wagon and Rs. 10/- for each B. G. wagon as Terminal Charges.

10. The live-stock wagons should be exempted from charging any Terminal charges, as the Railway have to spend nothing on them for loading, unloading & transhipment etc. The owner of the animals have to do all the jobs himself.

11. The Live-Stock should be kept in first category. It should be given top priority in regard to transportation supply of wagons and transhipment etc., because the animals often die due to delay and negligence and carelessness in transportation and rough handling by the Railway employees.

12. The live-stock is charged at present on 'Flatrate' scale of Re. -/8/- and -/9/- per wagon per mile on each M. G. and B.G. wagon load. These rates be reduced on the following scale for the combined transportation on M. G. and B. G. Stations.

	M. G.	B. G.
	Re. -/6/- each wagon per mile	Re. -/8/- each wagon per mile
1 to 150 miles		
150 to 300 ,,	-/5/-	-/7/-
300 to 450 ,,	-/4/-	-/6/-
450 and above	-/3/-	-/4/-

The above scale for the live-stock 150 sheep or goat in 3 M. G. & 2 B. G. wagons the telescopic rate may be fixed.

13. Since 1948 the station to station rate system was introduced but actually not a single pie was reduced in freight. The terminal charges at Rs. 41/- on each consignment of 150 sheep or goat was also increased which is quite unjustified.

14. In spite of the fact that the Railway is charging such an exorbitant high rates for carrying the live stock, but you will be surprised to know that the mode of transporting live-stock done in such a pitiable, cruel and miserable manner which is quite unjustifiable. Iron wagons without any ventilation are supplied in which the live-stock is loaded and the animals are literally roasted in all seasons. The attendants of the cattles also face great difficulties as no seating place is provided nor there is fodder keeping place for animals and it takes more than a week to reach the destination.

During this transit period the live-stock is reduced to almost skeleton due to hunger and thirst. Though it does not concern your honour still in order to reveal that no facility,

what to say of amenity, is provided for the transportation of the live-stock, which is being charged with exorbitantly high rates in comparison to the other edible commodities. Here it would not be out of place to mention that every edible commodity is transported by the Railway on half rates. Live-Stock (Sheep and Goats) also remains a part of the edibles as it is converted into meat and mutton which is one of the most important edible of every day use. It must also be treated at par with other edibles i.e. vegetables, fruits etc. and its transportation be also done on the same concessional rates. My Association has no concern in the transportation or booking of horned cattle like oxen or buffaloes but I am duty bound to explain their position also that the buffaloes and oxen are transported for milk and agriculture purpose only, so they too deserve the same concession of reduction in Railway Freight and Telescopic Rates.

15. Now by the grace of God the Railway Freight Structure Enquiry Committee under your Chairmanship has been appointed by the Government of India to look into the matter, we strongly believe and put reliance that the Freight Structure Committee will

surely come to the rescue of the Live-Stock Trade which is suffering much in the hands of the Western and Central Railways, for the last seven years and in fact they have totally ruined this trade.

We, therefore, pray that reduction in transportation rates may be reduced to a reasonable extent either Telescopic or Sliding Rates whichever is less be recommended to be charged on the transportation of the Live-Stock for which we will ever be grateful.

## The Bombay Shroff's Association Limited,

Bombay.

### PART II

Q: 1 (a): Of the 3,500 commodities that are classified, owners' risk rates are quoted only for 750 commodities. But the packing conditions for sending goods at railway risk are so stiff and costly that the traders prefer to send goods at O.R. where O.R. rates are available with R.R. rates. Hence 80% of the goods traffic offered is booked at O.R.

(b) Generally the traders prefer to send high priced commodities at R.R. even when O.R. rates are available. The following goods are generally booked at R.R. even when O.R. rates are available:—

- |             |              |
|-------------|--------------|
| 1. Pepper   | 5. Cloves    |
| 2. Almonds  | 6. Ginger    |
| 3. Copras   | 7. Dry dates |
| 4. Cardamom | 8. Turmeric. |

The packing conditions for acceptance of goods at R.R. are stiff. Double bagging is required in packing of the above goods.

For sugar, and grains both R.R. and O.R. are available. But the goods are generally sent O.R. as double bagging becomes very costly in respect of the above goods.

When closed wagons are not available and booking is closed..... for many days, the consignors are constrained to accept open wagons for despatching goods. The goods despatched in open wagons are booked only at O.R. and as the claims of O.R. goods are as good as lost the users have to incur risk for no fault of their own. It should therefore be provided that when in absence of facilities of closed wagons from the railways, the consignors are compelled to despatch goods in open wagons, such goods should be booked by the railways at R.R. at the discretion of the consignors.

(c) Before the war, the price of jute bags being low, the bagging of goods was cheap. After the war, the price of the jute bags has heavily gone up and as a result bagging has become costly. In sending of goods at R.R. double bagging being required in packing, despatch of goods at R.R. becomes costlier. So, before war, more goods were despatched R.R. but after the war, due to higher cost packing traders prefer to send goods at O.R. except in case of high priced commodities.

Q: 2 (a): The traders cover risk by private insurance of cotton, cloth, yarn and such other goods as are susceptible to fire even when sent by R/R. In case of other goods sent at R/R or O/R, it is not the trade practice to cover risk by private insurance as the goods having to be sold in competition it does not pay to add to the cost the charge of insurance. The goods in fact incur a heavier freight rate than the one at which they are charged because in case of damage, loss, destruction or deterioration the claims more often are not recovered. The position of the railways under the act is that of a bailee and their liability arises if it is proved that they did not take requisite care of the goods during the transit. In case of goods sent by R/R, the burden of proof lies on the railways, whereas in case of goods sent at O/R, the burden of proof lies on the consignor. From this limited liability even cases of 'running train thefts or pilferage in transit' are excluded. Besides, the claim of the goods which bear the remarks "bagging found torn and used or contents leaking" are not accepted by the railways. Even though three to four bags might have covering torn or used out of a consignment of 50 to 100 bags, and even though the contents might be leaking in case of 1 or 2 bags, the above remark is placed on the whole consignment and the habit of putting this remark rightly or wrongly is very common with the railways in order to still reduce their liability. It is pertinent to point out that when in a consignment of 50 bags the covering of 3 to 4 bags is torn or used, the steamship companies put the remark according to percentage affected. So the railways should also adopt this practice of limiting the remark to the percentage of the consignment instead of applying to the whole. Further, when the wagons are found wet at the destination and the claim for damage is made, the railways disown responsibility on the ground that at the time of departure the wagons were certified as "dry".

As shown above, the railways have done everything legally possible to reduce their responsibility for claims. So when claims are made the railways first evade the responsibility on the ground that there was no negligence on their part and that the loss was due to running train theft. Consequen-

tly the claims have to be filed and contested in courts of law. The recovery of claims takes six to twelve months and often years together and also the claims are very partially recovered. So the traders prefer to cover risk by private insurance which makes full payment and promptly.

(b) The risks of fire, theft, pilferage, etc., are covered by private insurance. The rate of premium differs from commodity to commodity according to risks involved. Generally the premium rate is from 1/8% to 3/16%.

(c). As there is increasing deterioration in the management of the railways year

after year, resulting in larger percentage of damage to goods, there is an increasing tendency to cover risk by private insurance.

Q: 3. Of the goods which are sent by O/R, the traders cover risks by private insurance of such goods as are susceptible to fire. Bullion is sent by parcels and covered by private insurance. As claims with the railways involve great delay and are not easily recoverable there has been a greater tendency to take recourse to private insurance.

Q: 4, 5 & 6. The following table regarding claims make significant reading :

Year	No. of claims (in thousands)	Amount paid (Rs. lakhs)	Gross earnings (Ks. crores)	Percentage of the amount paid to gross earnings.
1	2	3	4	5
1938-39	34	4	103	·04
1939-40	35	5	108	·05
1940-41	43	7	122	·06
1941-42	59	10	141	·07
1942-43	63	18	163	·11
1943-44	84	45	194	·23
1944-45	86	81	226	·36
1945-46	131	145	237	·61
1946-47	84	90	215	·42
1947-48	111	131	177	·74
1948-49	161	227	225	1·01
1949-50	186	408	251	1·63
1950-51	161	333	263	1·27
1951-52	182	316	292	1·09
1952-53	186	314	270	1·16
1953-54	199	287	271	1·06

The above figures point that the claims are mounting up year after year. The claims are clearly indicative of the increasing negligence of the staff in handling of the goods and lack of honesty. The various causes listed in Q: 5 are responsible for the claims. The point to be noted is that the railways are very indifferent to the claims which are filed. Most often it takes two to three months to receive a reply. And only when the party threatens legal action the reply is sent repudiating the claims on various grounds permitted under the terms of R.R. note. Only when the claims are filed in court, a serious attempt is made to settle the claims out of court. Due to cost of litigation and all the attendant worries and delay, the merchants settle the claims for lower amounts. But when the claims are contested in courts of law it takes one or two or more years for recovery of the claims. It is imperative in the interests of the traders and in good name of Railways, that speedier method of the disposal of the claims should be devised. My Board would particularly suggest that the claims advisory committees consisting of representatives of trade and industry should be attached to the claims offices so as to ensure better co-operation with the Railways and the users.

In the matter of claims, particular attention is to be drawn to the Section 77 which

operates to the disadvantage of the users of the Railways. Under this section, a claim has to be filed within six months of the date of booking and a short certificate from the Railway concerned is a main condition precedent to the filing of the claim in courts of law. The Railways do not often issue such certificates in time and so the claims are often time-barred. To get over this difficulty the Railway Board has issued instructions to treat the letters of the claimants as valid notices of non-receipts of the consignments. But the courts of law do not accept such letters of notice as valid and dismiss the cases if short certificates are not produced. So it is very essential that the Section 77 should be suitably amended so as to provide that ordinary letters of the claimants delivered to the claim offices signifying non-receipt of consignments should be considered as valid notices of claims.

Q: 7(a & b). The Indian Railways Amendment Act of 1949 extends the liability of the Railways in respect of defectively packed goods in case of negligence. But this amendment has not brought any practical relief to the users owing to the operation of Section 72. Under Section 72 of the Act, the position of the railways for goods booked at Railway risk arises if it is proved that there was negligence or misconduct on the part of the railway and that it did not exer

cise requisite care in handling the goods. The burden of proof lies on the railways in this regard. In case of goods booked at owner's risk, the liability of the Railway is similar to that in respect of goods booked at railway risk. But in the latter case the burden of proof lies on the consignor. It is thus evident that the amendment of 1949 does not go far enough to help the users. It may be pointed out that the definition of defectively packed goods includes goods not packed in accordance with the Rule No. 20 of the Goods Tariff. The packing conditions included in this rule are very stiff and consequently the users do not benefit by the Amendment of 1949.

Q: 8 to 13. The railways offer O.R. rates only in respect of 750 commodities out of 350 commodities included in general classification of goods. The difference between the R.R. and O.R. Rate varies from commodity to commodity from 6% to 21%. The railway risk goods bear a heavy burden of rate. There is no justification for too large a variation between the two rates. These rates should be related to each other according to risk. Thus there is a strong case for reducing R.R. rates. My Board suggest that the classification of O.R. goods should be cancelled and all goods be accepted by Railways at a mean R.R. rate between the present R.R. and O.R. rates only on the condition that the railways accept full responsibility for all kinds of claims as carriers of goods.

Q: 14. The Board have no comment to offer in this question.

Q: 15 & 16. The packing conditions prescribed by the railway in several cases are very stiff and prove expensive and burdensome. The railways should therefore revise the packing conditions in consultation with the Trade Associations concerned and in accordance with the practices of the trades.

Q: 17 (a & b) My Board may point out that on the intimation of the railways that the traffic for certain lines is open and the goods would be accepted for booking, the merchants send their goods for despatch in railway yards. But it is often the experience that the goods are not booked for a number of days and lie in the yards exposed to risk of theft and fire. Cases of thefts of such goods have several times occurred and the railways have disowned their responsibility on the ground that their responsibility starts after the goods are booked and railway receipts issued thereof. The consignors send their goods on the strength of the notice of the railways and on the expectation of their despatch within reasonable time. It is a very serious thing for the merchants that their goods worth of lacs should lie uncovered of risk for days together. As shown above the delay in despatch occurs on the part of the railways, the latter should be made responsible for risk of goods lying in their yards.

It is the opinion of the Board that the provision of warehouses by the railways would make the railways more and more indifferent in despatch of goods and would add to the burden of the consignors.

There are complaints in the matter of delivery of goods. At present the railways have

adopted the practice of registering the goods that are unloaded after 5 p.m. on the same day and as a result the merchants are put to great hardships in clearing the goods. Previously it was the practice with the railways here to consider such goods as unloaded next day. So the railways should again resume the practice of considering the goods which are unloaded after 5 p.m. as unloaded the next day.

Q: 18 & 20. The Section 72 of the Indian Railways Act which limits the liability of railways in respect of damage, loss, destruction, and deterioration of the goods in transit needs to be amended. The privileged position which the railways have enjoyed till now at the cost of the users cannot be allowed to continue any longer. Any such position is out of the spirit of the times and contrary to the practice prevailing elsewhere. The railways should be held liable for full claims arising out of damage, loss, destruction or deterioration for the goods which are given in the custody of the railways for carriage. The practice of extending the liability of the railways in respect of claims is gradually gaining strength. But it is high time that the anomalous position which the railways enjoy at the cost of the users should be done away with and that they should be made liable for all claims as carriers of goods as is customary in other countries. As great delays take place both in despatch and delivery of goods it should also be made a condition of contract that the goods would be despatched and delivered within a specified time and the railways should be made liable for contravention of any of the above conditions.

It may be pointed out that it is due to the connivance of the superior staff at the negligence and lack of honesty in the lower staff that most of the claims arise. If the responsibility for all claims is shifted on the railways, the latter would be compelled to be more careful and cautious for the goods entrusted to their care. My Board are of opinion that as a result of better supervision, improved efficiency and handling of goods by mechanical equipment and elimination of dishonesty, the claim bill will not rise but perhaps may go lower.

It would be appropriate to examine at this place the legal position in respect of the railway receipt. In a recent case the Bombay High Court has decreed that the right to sue for damage or loss of goods rests with the consignor if at the time of consignment of goods, the property in the goods remains with him. In view of this judgment the consignee would be precluded from filing the suit for damage or loss. A consignor would not be interested in filing the suit after receiving money of the goods. And it would be very difficult for the consignee to persuade the consignor to file the suit for him. Till the aforesaid judgment of the High Court, it was the usual trade practice that the title to goods passed to the party holding the documents and the holder enjoyed the right to sue and recover claims for damage or loss of goods. But the recent judgment of the High Court vitiates the negotiable character of the railway receipt. The legal position should therefore be examined and set right according to the trade practices whereby the holder can sue and recover claims for damage and loss of goods.



Q: 19. My Board are of opinion that the claims arise as much on account of bad handling of goods as on account of thefts and pilferage. The thefts occur at the points of despatch, destination and transfer of goods. It is necessary that the railways should strengthen the supervisory police staff and should also take the aid of C.I.D. in such supervision. The walls of the yards where the goods are lying before despatch and after reaching destination should be erected high. The railway staff should also see that the police and its lower staff are not working in complicity in thefts. The Watch and Ward department of the railways

should be strengthened and should be more alert for reducing the number of thefts.

Q: 21. Sometimes through mistake of the railway authorities, the goods are loaded in a wagon meant for quite a different line and destination. Such goods are often recovered later after 3 to 4 months and often the users have to suffer loss through deterioration in quality and fall in prices. In such cases the railways should be made responsible for the claims of loss, damage, destructions and deterioration of quality of goods and fall in prices thereof.

## The Indian Salt Manufacturers' Association

Bombay.

### GENERAL

The importance of salt comes next only to food, and the progress of the industry during the last 25 years has been noteworthy. In 1930-31, production was only 12.12 lakh

tons and by 1938, it had very nearly doubled to 23.27 lakh tons. During the last 3 years, the All-India Production of salt has been as under :

From :	1952 Lakh Tons	1953 Lakh Tons	1954 Lakh Tons
(a) Government Salt works	5.44	5.58	5.55
(b) Bombay State	5.75	6.48	5.58
(c) Madras & Andhra	6.05	7.12	5.57
(d) Orissa	0.37	0.51	0.26
(e) West Bengal	0.02	0.04	0.04
(f) Saurashtra & Kutch	6.48	9.35	7.64
(g) Cochin	0.64	0.61	0.50
(h) Small Scale Mnfgs.	1.48	1.93	2.01
	<u>28.23</u>	<u>31.62</u>	<u>27.15</u>

It may be noted that salt production in 1953 has exceeded the target of 3 million tons fixed for this industry by the Planning Commission in the 1st Five Year Plan and is perhaps one of the few large industries in India in which the country has reached self-sufficiency in the post-war period. As a matter of fact, this industry suffers at present from over-production to the extent of about 4 lakh tons of salt and is finding it extremely

difficult to find foreign markets for this surplus tonnage.

2. Salt is despatched from the producing centres largely by rail and only a small proportion of the production is transported by sea from the Salt Works in Saurashtra and Kutch and to a limited extent from the Works in Bombay and Madras. The following statistics of issues of salt from the various works in India are available with us and are given for your information:—

Issues of Salt :	1952 Lakh Tons	1953 Lakh Tons	1954 Lakh Tons
(a) By Road, River and Rail	18.46	19.12	20.74
(b) Sent by Sea to Indian Ports	4.92	4.28	4.83
(c) Despatched to Foreign Countries like Japan, etc.	2.48	2.52	1.99
	<u>25.86</u>	<u>25.92</u>	<u>27.56</u>

Prior to the War, salt could be despatched from any production centre to any place in the country, irrespective of the distance, depending upon the demand for a particular quality. During the war, owing to the heavy burden put upon the railways as also due to scarcity of shipping space, the railways were unable to cope with the large traffic in salt offered to them for transport. It became necessary to rationalise the movement of salt to relieve the overburdened railway system and the Salt Department of the Government of India introduced from 1st January 1949 a scheme of Zonal Distribution for despatch of salt by rail in order to avoid long haulages, cross movements and heavy cost of transport. Under this scheme the principal regions of production have been grouped together into 8 foci of distribution, and although Calcutta is not a producing centre, it has been formed into the 9th focus for salt distribution, as it imports salt by sea chiefly from the West Coast Salt Works. A zone of Distribution has been allotted to each of the centres (viz., Sambhar etc., Kharaghodha, Kuda, Bombay, Tuticorin, etc.) and by this arrangement, salt did not travel by rail for more than 500 miles on an average, although in some cases, there were exceptions for special reasons. This Scheme has been in force all these years and we understand, that according to the Salt Commissioner, it has been working satisfactorily and that hence Government have resolved in favour of its continuance with such revisions as may be found necessary from experience. The Salt Experts Committee appointed by Government some years back have in their 1950 Report fully supported the principle of Zonal System and urged its continuation even when Railway transport should ease. We are, therefore, specially drawing the attention of your Committee, to this restriction in the movement of salt by rail, since the Railway rates

have an important bearing on the distances over which salt has to be transported and we suggest that your Committee may obtain the up-to-date details of this Zonal Scheme from the Salt Commissioner, Government of India, New Delhi, whilst considering the freight problems of this important commodity.

3. The price of salt in India is linked up with the cost of transport and hence the impact of railway freight on the price of salt at the consuming centre cannot be over-emphasised. It is of utmost importance that for an essential commodity like salt which is in universal demand and which is cheap, the railway transport charges should be as low as possible. Although in industrially advanced countries like U.K., U.S.A., etc. the consumption of salt by the chemical factories far exceeds its usage in food, in India its principal use so far has been for domestic consumption, and as a preservative in the preparation of condiments, pickles and food-stuffs. It is now of course, being increasingly used in several of our chemical industries, especially in the manufacture of sodium compounds. Thus in considering the types of consumers of salt, it is useful to remember that the bulk of salt consumption in the country is for household and table uses. Hence, salt was rightly classified by the Railways in India prior to 1st October 1948 in Class I for the purposes of freight along with food-grains. Under this Class (i.e. Class I) the maximum rate that could be charged was at 0.88 pie and minimum 0.10 pie per maund per mile. Some railways were quoting a scheduled rate of 0.3 pie per maund/mile for distance; others quoted a telescopic rate, while station-to-station rates were also given for wagon-loads, which were still lower. From 1st October 1948, however, salt was up-graded as under—

	General Classification		Wagon-load Scale
	R. R.	O. R.	
Salt N.O.C. P/6	2	...	W.L./I
Salt Refined in bags P/6	7	...	...
Salt For table use P/22	12	...	...

The current rates chargeable for these classes are as under\* :—

	Per maund per mile (Pies)				Max. rate per maund.		
	1st 300 miles	Plus next 300 miles.	Plus for distances beyond.		Rs.	as.	p.
(a) 2 R. R.	0.59	0.49	0.38		3	8	0
(b) W.L./I.	0.43	0.20	0.10				
(c) 7 R. R.	0.86	0.73	0.58		5	4	0
(d) 12 R. R.	1.22	1.04	0.82		7	6	0

\*Exclusive of terminals, transshipment and other extra charges.

Assuming that under the present system of Zonal distribution, the average distance that salt travels within a zone is about 500 miles, the present cost of moving salt per maund will be—

	Basic Freight.				Terminals.				Total.		
	Rs.	A.	P.		Rs.	A.	P.		Rs.	A.	P.
Under Class 2 R. R.	1	6	11	+	0	1	4	=	1	8	3
" " 7 R. R.	2	1	8	+	0	1	4	=	2	3	0
" " W.L./I											
Wagon Load scale	0	14	1	+	0	1	0	=	0	15	1
Under Class 12 R. R.	2	15	10	+	0	1	4	=	3	1	2

Exclusive of cost of gunny bags and Government cess at As. 2/- per B. md., the present day selling price of salt at the salt works is probably round about As. 8/- per B. md. and the incidence of railway freight per maund on As. 8/- for a distance of 500 miles is felt to be high.

4. We feel that it is reasonable to classify salt along with grains and pulses in which

group the commodities already included are Bajree, Barley, Maize, Dhall, Gram, Paddy, Rice, Wheat etc. None of these can be, for long, consumed without the essential salt, which is also an article of food. Grains and pulses are classed under 1 R.R. and W.L./D wagon-load scale of charges for which the charges payable per maund for 50 miles are—

Basic Freight				Terminals			Total		
Rs.	A.	P.		Rs.	As.	P.	Rs.	A.	P.
1	5	0	+ 0	1	4	= 1	6	4	
0	13	10	+ 0	1	0	= 0	14	10	

This will mean a reduction only to a small extent over the existing rates for salt (i.e. to say, the loss of revenue to the railways will be small but it will make salt available more cheaply to the consumers. We may add that the Salt Experts Committee had also recommended in the case of salt that it be given the same classification and the same scale of charges as food grains. There is also no justification for classifying refined salt and table salt in classes 7 R.R. and 12 R.R. respectively. Hence this anomaly should be removed, since the difference in price between edible common salt, refined and table salt is not such in India as to warrant this large difference in Railway freight. We suggest that refined and table salt should be classified under Class 1 R.R.

5. We have not suggested any reduction in the basis of telescopic rates (i.e.) rates per maund per mile because we are aware of railways' arguments that their operating costs have gone up several times, as compared to pre-war period and looking to their large expansion plans, it is probably not possible to make any reduction. In any event we are not in a position to verify whether the operating costs of Railways have gone up so high as to warrant the increase in freight rates to the present level and we request your Committee to examine this problem, after obtaining the relevant data from railways.

6. There are a few other aspects of transport of salt by rail to which we would like to draw the attention of the Committee—

(a) *Movement of Salt in bulk*: At present salt is not permitted by railways for movement unless it is packed. If movement is allowed in bulk, not only the salt consuming industries but also individual consumers will be benefitted in obtaining their salt cheaply. The objection of the railways is chiefly on the grounds that salt, being a corrosive commodity, would cause damage to the wagons. For short distance traffic, the railways had supplied in the past and even now supply a limited number of special wagons as a special case from a separate pool for salt traffic in bulk. We request the Committee to look into this matter and recommend in favour of the removal of the packing condition.

(b) *Short distance traffic*: Two charges are now unjustifiably levied. One is a levy of 6 pies per maund where the aggregate distance for charge is less than 75 miles. The other is the minimum distance charge for

20 miles even though the actual distance is less than 20 miles. Thus if the distance is, say, 7 miles, the charge is worked out on the basis of the first leg of the scale of charges for 20 miles and in addition 6 pies per maund are added. When in May 1951, we pointed this out to the Railway Board, we were informed that these two are not new levies but are based on age-old practice in force, on Indian Railways and that these charges are levied to ensure an economic return on the haulage of short distance traffic in view of the long period of wagon occupation in relation to the service performed. Since the new rate structure is considerably higher, we feel that there is no justification for the retention of both types of charges. We quite appreciate that on the haulage of short distance, railways have to be assured of an economic return and, therefore, we suggest that the railways can charge either the one or the other but not both.

(c) *Terminals*: In case of salt Traffic in wagon-loads, loading and unloading has to be done by owners and yet the railways charge 6 pies per maund at each end (i.e.) Re. 0-1-0 per B. md. which works out to Rs. 1-11-2.5 per ton of salt. We understand from Railway Board that these charges are for services at terminal stations other than loading and unloading e.g. sorting and placing of wagons issue of invoices etc. As these charges have been standardised all over India, we are told that no reduction is possible. We wonder whether its costs the railways actually to this extent and shall be grateful if this matter is thoroughly examined in all its aspects. We suggest that when salt is despatched in wagon-loads, terminals may be charged at not more than As. 8 per ton at each end, which are the same charges as for coal.

7. So far as short distance traffic in salt is concerned, we feel that transport by lorries, if undertaken either by railways or some other State Organisation, would prove to be cheaper than the existing railway rates. We quote the instance of a member-works belonging to this Association viz., Messrs. Tata Chemicals Ltd., who have to transport their products from Mithapur by rail upto Fort Okha and from Port Okha by steamer to various Indian ports. The distance between Mithapur and Okha is only 7 miles. Taking the case of salt with which this representation is concerned, the railway freight will work out as shown below—

	Per B. Md.
(i) Freight @ 43 pie/md. for a minimum distance of 20 miles	... 8.6 pies
(ii) Add : Short distance charge	... 6.0 "
(iii) Add : Terminals	... 12.0 "
Total	... 26.6 "

= Re. 0-2-3 per B. Md. or Rs. 3-13-5 per ton.

Messrs Tata Chemicals Ltd., found this charge to be too high, not only for salt but for their other products as well, and have decided to use their own transport in lorries by road, after having estimated that the average cost of transport by road would be less than Rs. 2 per ton. Accordingly, they have recently purchased their own trucks

which are now being used. This instance proves that if the railways cannot bring down the charges for short distance traffic, it may be in national interests to use road transport only for short distance traffic, leaving for the railways the haulage of long distance traffic, at economic costs to the mutual advantage of railways and salt industry.

## The Indian Road & Transport Development Association, Bombay.

### GENERAL

1. With an increasing production as envisaged in our successive 5-Year Plans, transport will have to be provided on a large scale and we feel that it would be necessary to develop, in addition to railways, other modes of transport also like road transport, shipping and inland water transport.

2. At present all these forms are confined practically to feeder traffic and although it is a fact that feeder traffic also will expand as production under the 5-Year Plan increases, we feel that the economy of the country will be served better if they can carry a certain percentage of the non-feeder long-distance traffic also, without detriment to the railways. We suggest that the objective in revising the present railway rate structure should be to achieve this end.

3. In this discussion the main question will be of relative freight rates of railways and other forms of transport. In comparing freight rates by rail and road for instance it is necessary to bear in mind that while road freights are based on the cost of carriage, rail freights are based on what the traffic can afford to pay. Thus, rail freights may be said to be arbitrary and, therefore, whatever adjustment may be necessary in pursuit of a policy has necessarily to be in rail freights. In a recent article on Transport Development in the U. K. the Transport Officer of Messrs. Imperial Chemical Ltd., says as follows, from the point of view of a user of transport :—

"Comparison of charges between road and rail is, however, in my view unreal. Rail charges are based on the value of traffic, whereas road charges are based on the cost of carriage. The former are controlled to an extent by statutory requirements, and the latter in the main by cost and commercial demand. They

do not fit in a competitive world and it is becoming more generally accepted that the aim should be to base charges by rail on cost rather than value and the attempt to get to the cost basis by rail is a contribution to a better balance between road and rail transport and the avoidance of wasteful and unremunerative effort."

A whole-sale reversion to the cost of carriage basis as implied in this extract may not be advisable in the case of our railways at the present moment in our country which is on the threshold of industrial expansion and which will, therefore, require its raw materials comparatively cheaply but it seems to us that we can perhaps afford to have a re-adjustment of our rail freight rates in such way that they will not differ so vastly as at present from the cost of carriage. The present range of rail freights is from 5.65 pies to 5½ As. per ton/mile against an average of 11.3 pies. The range from the minimum to the maximum is thus very wide.

4. *Class Rates* : In the case of road transport the range of its average freight rates may be taken at from about As. 3 to As. 6 per ton/mile, depending on the load factor, the load allowed to be carried per truck, the condition of roads and whether a vehicle is diesel-driven or petrol-driven. The present range of railway telescopic class rates is from about As. 1½ to As. 5½ per ton/mile for a distance of 300 miles. (Out of 15 classes only three viz. Nos. 13, 14, and 15 range from As. 3 to As. 6 (underlined). Hence at current railway rates road transport can operate side by side with the railways only to a limited extent.

5. We feel that the present railway class rate structure may be altered in such a way

that a larger number of classes than at present of the present class rates will come within the range of road transport rate i.e. around As. 3 roughly as suggested in column 5 (Encl. A). The idea is to level the present class rates in such a manner that the maximum may not be more than say about twice the minimum. At present the maximum is about 4½ times the minimum, being 2.32 pies per maund/mile against 0.54 pies per maund/mile. It should be possible to effect this change without increasing the over-all freight rates on finished products. At present raw materials pay less while finished products pay more according to their capacity to pay. Our suggestion is that raw materials may pay a little more and the finished products a little less, the rates being so adjusted that the price to the consumer will be about the same as at present. Further, the first 'leg' in the telescopic class rates should be raised from 300 to 450 miles as with increasing traffic the railways should aim primarily at catering for long distance traffic.

6. *Simplification* : On the question of simplification of the present freight structure we would suggest consideration of the following points:—

- (i) There should be only about 8 scales each for the telescopic class and standard telescopic waggon-load rates, in place of the present 15 and 13 respectively.
- (ii) The scale for the latter should be half that of the former.
- (iii) Both rates should have the same 'legs', the first being 450 miles.
- (iv) Coal should have a separate rate.

- (v) The present practice of carrying certain commodities free beyond a distance of 1,500 miles should be discontinued as it is not fair that certain commodities should have a preferential treatment over others.

7. At present the Railways do not pay for the transportation of coal and railway stores used by them. In 53/54 the traffic in the former was about 36.62% of the total coal handled and that in railway stores about 16.26% of the other traffic, the total of the two being about 23% of the total goods traffic in originating tons. We are not in a position to know to what extent the charging for this traffic may alter the railway rates to all commodities but we suggest that this aspect may be investigated. It is only fair that the structure of charges should reflect the cost of providing a service and should be framed so as to obtain the maximum economic efficiency of each form of transport" as mentioned in the Inland Transport Policy recommended by the International Chamber of Commerce, which policy has been recommended for adoption in India by the Motor Vehicles Taxation Enquiry Committee, the Taxation Enquiry Commission and the Study Group of the Government of India.

8. *Diversion of Non-Feeder Traffic* : It is not possible for us to work out details of the suggestions made above; only the Railway Board can do it. Broadly speaking our suggestion is that it would be in the interest of our expanding economy to aim at transferring about 20 to 25% of the non-feeder railway traffic in the country to road transport and 10 to 15% of the same traffic to water transport. During the 5 years preceding the 1st 5-Year Plan, about which information is available, the number of railway wagons carrying "smalls" was as follows:—

Year.	Per cent. wagons on "Smalls"		
	B. G.	M. G.	Ave.
1943/44 ...	11.00	15.00	13.00
1944/45 ...	9.03	10.90	9.96
1948/49 ...	9.33	13.84	11.58
1949/50 ...	8.47	13.10	10.78
1950/51 ...	8.43	13.23	10.83
			<hr/> Ave. 11.23 <hr/>

This means that the pre-plan traffic in "smalls" was about 11% of the total railway traffic. It is understood that in the U. S. A. nearly two-thirds of the "smalls" formerly handled by rail and express services is now being carried by road. This trend is significant and is particularly worth noting at the present stage of our economic development as it will make available up to 11% of our wagon strength for long-distance traffic. Therefore, the objective should be to so alter the freight rates for "smalls" that from two-thirds to three-fourths of the traffic in "smalls", say, about 7 to 8% of the total, may go to roads. The balance, i.e. about 12 to 15% of the total should come from other non-feeder traffic, making in all 20 to 25%.

9. *The "Cream"* : On account of the fact that the range of road transport rates is from As. 3 to As. 6 against that of railway class rates of from As. 1½ to As. 5½ any diver-

sion of non-feeder traffic to roads will naturally be in high tariff commodities. This has led in the past to the argument about the "cream" of traffic. The railway point is that if road transport takes away from it this "cream" they will have to be content with low-rated traffic and thus incur a loss. Here we like to mention the following points:—

- (i) The point about the "cream" arises out of the present gradation of class rates, in which the maximum is 4.32 times the minimum as pointed out earlier. If this gradation is reduced to about 2 to 1 from the present 4.32 to 1 the "cream" will be averaged and the anticipated loss will be less.
- (ii) Road transport cannot take away from the railways *all* high-rated traffic but only that traffic which can suit it from the point of view of handling.



Road transport in this country has not yet developed properly. It will take considerable time to provide facilities for storage handling and transshipment. Therefore, for a long time to come road transport can handle only a few commodities.

- (iii) Out of such traffic as can suit road transport from the point of view of handling, long-distance traffic is bound to go to the railways as their long distance rates will be cheaper.
- (iv) Short distance traffic at Railway Risk will also go to the railways as road transport has no facilities for "risk" traffic.

Therefore, all the "cream" is never likely to go to road transport. We do not know the percentage of the "cream" to the total traffic handled by the railways at present but

if the class rates are so altered that only about 25% of the total traffic will represent the "cream" then it would mean that within the percentages mentioned in para 8, only about half of the "cream" will go to the roads.

10. It is understood that the railways estimate that the tonnage to be handled by them by 60/61 will be practically double the pre-plan tonnage being about 180 million tons against about 92 million tons in 50/51. This 100 per cent. increase will occur in the high-rated traffic also. Therefore, by diverting from it about half the traffic in these commodities the railways will still have on hand the other half which will be equal to their present traffic in these commodities by 60/61 and should be sufficient to wipe off possible losses, if any, due to diversion, if such losses cannot be covered by levelling class rates as suggested above.

*Encl. 'A' referred to in para 5 above.*

#### BASIC TELESCOPIC CLASS RATES

Class	Present 1st leg 300 miles			Suggested 1st leg 450 miles
	Pies per maund/mile	Pies per ton/mile	Appr. Annas per ton/mile	Appr. Annas per ton/mile.
(1)	(2)	(3)	(4)	(5)
1st	0.54	14.70	As. 1 ps. 2½	0 1 6
2nd	0.59	16.06	As. 1 ps. 4	} 0 1 9
3rd	0.64	17.42	As. 1 ps. 5½	
4th	0.69	18.78	As. 1 ps. 6½	} 0 2 0
5th	0.75	20.41	As. 1 ps. 8½	
6th	0.80	21.78	As. 1 ps. 9½	} 0 2 3
7th	0.86	23.41	As. 1 ps. 11½	
8th	0.92	25.04	As. 2 ps. 1	} 0 2 6
9th	0.99	26.95	As. 2 ps. 3	
10th	1.07	29.13	As. 2 ps. 5	} 0 2 9
11th	1.14	31.03	As. 2 ps. 7	
12th	1.22	33.21	As. 2 ps. 9½	} 0 3 0
13th	1.30	35.39	As. 2 ps. 11½	
14th	1.55	42.19	As. 3 ps. 6	} 0 3 3
15th	2.32	63.15	As. 5 ps. 3	

# The Indian National Steamship Owner's Association

Bombay.

## GENERAL.

The Railways of a country are not merely an internal means of communication; they are, particularly when nationalised, a great national asset capable of being used for development of industries within and commerce outside the country. It is this aspect that concerns the members of our Association.

It need hardly be stressed that national shipping has two aspects—one coastal and the other overseas. As the coastal trade of India is reserved to Indian vessels, there is no direct assistance that that Railways can give to that sector of Indian shipping except by means of coordinating their activities and freight structure with that of coastal tonnage with a view to enabling the latter to carry, at a reasonable profit, all coastal cargoes, particularly such bulk cargoes as coal, etc. which, it will be admitted, ships are more fitted to carry than railway wagons.

Coming to the important subject of overseas national shipping which today carries barely 5 per cent of our overseas trade, one of the methods by which the share of Indian shipping in the carriage of our overseas trade can be increased is by the co-operation which the Railways of the country can extend. In view of the fact that it is the railway wagons that move our imports and exports to and from ports from and to various points in the hinterland. The method is the adoption of a policy of preferential railway rates, and is one which has been worked by various maritime countries at some time or the other in the development of their national marine i.e. ports and shipping, as the following examples will show:

*United States of America*: According to J. E. Saugstad in "Shipping and Shipbuilding Subsidies" published by the Bureau of Foreign and Domestic Commerce of the U. S. Department of Commerce.

"General supervision of rates, fares and charges on American railroads in inter-state and foreign commerce is vested in the Inter-state Commerce Commission, which is empowered in its discretion and on examination to fix joint rates for the export and import trade, of which the railroad proportion may be lower than the railroad rate to or from a terminal seaport. The Merchant Marine Act of 1920 stipulates that such favourable railroad rates for the export or import trade shall be allowed only when the ocean transportation is by an American vessel. If the Shipping Board is satisfied, however, that American ships do not afford adequate facilities for the trade between an American port and a foreign port, it certifies the fact to the Interstate Commerce Commission which may then allow lower

joint rail rates when the ocean transportation is effected by foreign ships. Soon after passage of the law the Board made such a certification, and the Act was suspended by the Commission.

"In February 1924, the Shipping Board certified to the Interstate Commerce Commission that adequate shipping facilities under United States registry then existed in respect of certain trade routes and certain commodities, and as a result the suspension at that time in force was removed by an order of the Interstate Commerce Commission. The trade routes included the United Kingdom and the Continent in the range from Bordeaux north, the east coast of Asia and the Pacific Islands, Australia and the East India Islands, and the ports of Central and South America the commodities comprised all commodities except wheat.

Johnson and Huebner in their "Railroad traffic and Rates" state that it is quite common to find (in the U. S. A., which is a land of enterprise), sea-board differential on imports into and exports from (a) Atlantic ports, (b) Gulf ports and (c) Pacific ports, and that it is also quite common to find manipulations of Railway rates,

- (A) To help American Industries by means of:
  - (1) Low rates on certain materials needed from abroad.
  - (2) Low rates on certain manufactured goods exported to foreign markets.
- (B) To lessen restrictive effect of the high traffic levied upon certain imports,
- (C) To develop foreign trade,
- (D) To meet competition among the 3 sets of ports mentioned above.

*Great Britain*: The adoption of preferential rates for imports and exports was defended as early as in 1892, as shown by the following extract from Raper's "Railway Transportation" pp. 56-57:

"The ruling (of the Railway and Canal Commission) in 1892 has been for the most part its general guide in cases of preferential rates for imports and exports. In a most important case, the Mansion House of 1895, water competition was an important factor in the justification of a preference in favour of imports over domestic goods, perhaps the controlling one, though the nominal one was the cost of service. Again in 1903

and 1904 water competition was recognised as justification for a smaller rate for the longer distance traffic, provided it was for export. The Commission in these cases held that the smaller rate was justified on the ground that it was necessary to secure the traffic."

**France :** According to J. E. Saugstad, preferential railway tariffs on goods going to foreign non-European countries were in force, provided such goods were carried on French vessels.

The policy of differential railway freight rates adopted by France was, according to Raper's "Railway Transportation" (pp. 81-83), as follows :

"The Minister (of Public Works) has allowed numerous variations from the fixed standards for the purpose of fostering certain local industries or the shipment of commodities into or away from France. Lower rates have, for instance, been allowed upon the export traffic in order to promote the interests of French ports as against foreign rival ports. At times reductions in the standard rates have also been allowed upon the import traffic to make it possible for the French ports to maintain their lead in their competition with their rivals. All these variations may however exist only by the permission of the Minister and usually only after an elaborate investigation."

**Spain :** A report by the President of the general board of the railway directors published in the *Gaceta de Madrid* of March 1, 1928 refers to combination rates between the Spanish railways and navigation companies as contained in groups 500 to 529 of railway rates, though no details are given. There is co-operation between the Railways and the Transatlantica Company in the way of special sleeping-car services and boat trains from Madrid to Cadiz for passengers to connect with sailings for Argentina and Brazil. (J. E. Saugstad).

**Iraq :** The Iraq Railways allowed special rates for traffic consigned over their system to the Anglo-Persian Oil Co. (From Railways and Road in Pioneer Development Overseas by J. Edwin Holenstrom (1934)).

**Austria-Hungary :** Preferential rates on Austrian Railways are granted principally for the following reasons (1) To enable a line of Railway with a circuitous route to compete with a more direct line which would otherwise monopolise the carriage of goods from one given point to another. (2) To enable an Austrian industry to compete with a similar industry abroad which is more advantageously situated. Thus, preferential rates are granted for this reason on Bohemian glass, beetroot and its products and on sugar for export. A reduction of 10 per cent. on rates is granted when sugar is exported, and of 15 per cent. in the case of iron and steel. (Information based upon Foreign Office Reports—1898).

**Belgium :** "With a view to the development of traffic along the Belgian lines of railways preferential rates are very largely granted by the Belgian Government, who now (1898) own four-fifths of the whole railway system of Belgium. Very great reductions are made in favour of all kinds of merchandise

destined for Belgian ports, and these, no doubt, have very much contributed to the enormous increase which has taken place during the last few years in the shipping trade of Antwerp. These rates are mostly calculated on a differential scale; the cost of transport decreasing per kilometre in proportion with the distance carried..... A series of special fixed tariffs has also been arranged with certain regular lines of steamers and also with other European countries for the direct transit of goods in order to encourage as much as possible their export as well as their import through Belgian ports." (Information based upon Foreign Office Reports—1898).

**Denmark :** Many articles useful to or produced by agriculture are carried at a low rate..... These rates have been specially adjusted with a view to the assistance of the agricultural interests. (Information based upon Foreign Office Reports—1898).

**Germany :** The following extracts from Raper's "Railway Transportation" (P.161) shows that in pre-1914, Germany, the general economic policy of the Empire was: "To promote the growth of German agriculture and industry to enable German products to compete in German markets with the imported commodities; to foster the commerce of German centres particularly the sea-ports, in the face of competition by foreigners; to build up German railway and water transportation which was always under the stress of competition from the French, Belgian and Dutch carriers. All these reasons for granting exceptional rates have had their defence in the spirit of nationalism; the state may pursue any transportation policy that leads to German strength, both political and economical."

"Such rates have not for the most part been granted to finished products, whether they are sold in national or international markets; and in their granting to other commodities care has been had that they should injure to the least possible degree the interior interests. They have been very numerous for exports and imports over the sea. They have not, of course, applied to local carriage; and consequently the rates for local transportation have been higher than the exceptional overseas charges. The interests of Hamburg and Bremen, Germany's great seaports, have been tremendously influential in Germany's railway policy. They must not suffer by the competition of Rotterdam and Antwerp."

According to Foreign Office Reports (1898),

"In October 1894, the Minister of Public Works addressed a letter to the Railway Council in which he laid down the conditions under which preferential tariffs should be and had been granted on the State Railways. These are—

1. To assist agriculture and industry by granting cheap rates for raw material or subsidiary material.
2. To assist German manufacturers in competition with foreign importers at home and to assist German export trade abroad.
3. To assist German in competition with foreign ports.

4. To look after the interests of German railways and waterways in competition with those of foreign nations.

The following is an extract from "Principles of Rail-road Transportation" by Johnson and Van Metre—P. 492.

"The co-operation of shipping interests with the Railway Management in the matter of fixing rates which existed in Prussia before 1871, has been retained since 1920 through the creation of a National Economic Council, one branch of which devotes its attention to Railway problems, and through the appointment of a system of Advisory Councils, representing in the leading industrial and commercial interests of Germany. These Councils advise the Ministry of Transport on questions of Rate Policy".

The close connection between the National Railways and Shipping in Germany will be clear from the fact that when the War of 1914 commenced, the Railways of the Empire were placed under the control of the Central Government and Albert Ballin, the Director-General of the Hamburg-America Shipping Line, was chosen to direct the system.

Daniel Marx Jr. says in his "International Shipping Cartels" published by Princeton University Press—(P. 101) that:

"Germany before World War II did not exercise any regular authority over rates but was in a position to bring its influence to bear through the Government controlling interests in the North German Lloyd and Hamburg-America Lines. Furthermore, through the use of export subsidies, preferential rail rates and exchange control the German Government was in a position to favour German export industries and shippers without interfering with the usual ocean rate-making practices".

"The German Lines, in particular, efficient, well-organised and working in close association with each other with the banks and with the State Railway, made their competition felt by British Liner Companies in every sea". (P. 273—*Ibid*).

International competition in shipping became very severe in the early years of the 20th Century and Government gave large aids to their national ships. Fayle adds:

"Apart from this (i.e. extension of the definition of the coasting trade by France, Russia and U.S.A.) direct encouragement to national shipping was given in all sorts of ways; such as shipbuilding bounties on mileage run, repayment of Suez Canal dues, the imposition of differential dues on goods carried in foreign vessels and the grant of special rates on state railways for goods to be shipped in national vessels."

One of the greatest agencies in the promotion of German shipping was the German State Railways system. This Government-owned transportation system, said to be the largest in the World under one management, with a mileage of 33,000 and with

720,000 persons on its pay roll at the beginning of 1926, was brought in to the foreign shipping trade of the nation by the necessity for transportation for iron and steel industry and for other products from the interior Rhine region to the coast for overseas shipment. While any action on the part of the Government in lowering rates or of entering into special arrangements over specific routes and between certain points was always based upon the necessity to assist German foreign trade, shipping indirectly profited (1) generally by becoming the extension of the delivery system and (2) specific contract arrangements between certain regions where steamship rates were higher from German ports than from the competing ports of Antwerp and Rotterdam.

The German Railways granted special low rates on almost all exports shipped on through bills of lading, thus assisting materially in the volume of cargo offering at seaboard. In special cases, such as the operations of the German Levant and the German East Africa lines, these lines became part of a penetration programme for German goods to the Levant and East Africa.

The existence of preferential railway rates in Germany is also confirmed by the following extracts from "Encyclopaedia Britannica" Vol. 20, P. 546:

"German shipping was not directly subsidised, but British Owners complain that through rates on the German State Railways were manipulated to the advantage of German shipping"

and also from "Encyclopaedia Americana" Vol. 24—P. 732:

"Indirect aid was given by preferential rates on Government owned Railways and through the control of emigration, which was turned to the German Lines."

**India:** To come nearer home, Indian experience before the nationalisation of the Company Railways operating in India shows how rates were manipulated in the interests of the foreign manufacturers to enable them either to compete with Indian manufacturers or to take away raw materials at cheap rate.

**Conclusion:** Preferential rates thus seems to be a normal feature of Railway policies. They have been used for assisting industries within the country and certain commodities in import and export trade as also for development of ports and national shipping of maritime countries.

Indian Shipping is presently operating only in a limited number of trades in the overseas sector, and even in these trades, the number of Indian Ships put in commission is not adequate. There is scope for putting more Indian ships in all the overseas trades, but such expansion does not take place rapidly due, among other causes, to uncertainty in the patronage to Indian ships by merchants in India.

It is therefore requested that a study of the subject be made in detail by sending if necessary a delegation to the countries mentioned.

# Indian Machine Tools Manufacturers' Association,

Bombay.

## GENERAL

*Re: Disparity in freight Rates for Electric Motors and Machine Tools.*

We wish to bring to your notice the following difficulty experienced by machine tool manufacturers in despatching machine tools to their customers.

While despatching machine tools such as lathes, drilling machines etc., in several cases it is necessary to send electric motors along with these machines so that the customer will get the whole unit at one time. Now, lathes, etc., fall in class IV whereas the electric motors in class V of the railway tariff and as such, the rates in class V are higher than in class IV. When the electric motor is included in the same package of the lathe etc., the entire contents of the package are treated as electrical goods and charged at Class V rates for the whole package. It may be noted that the value and the weight of the electric motor is only a fraction of the value and weight of the machine tool despatched.

Some of our members tried to send the machine tools and the motor separately under different distinct packages just to avoid the inequitable freight rates. This however, creates a lot of inconvenience both to the customer as well as to the consignor as both the packages never reach the destination together. The packages of electric motors being small and handy reach the destinations earlier while the machine tools requiring handling by cranes are being delayed in transit at several trans-

shipment centres. To avoid this inconvenience it is necessary to send the electric motor and the machine tool together in the same package. But the inequitable freight charges for the machines will have to be given due consideration, as this is an unnecessary burden on the customer.

Our member-firms have made several representations in the matter to the local Railway Authorities, but the response so far has not at all been encouraging. To give you an idea of the disparity in freight rates for these two items, we enclose herewith an illustrative statement submitted to us by one of our member-firms, showing the freight rates for machinery and electrical goods from Harihar to Wadibunder.

You will realise that as a result of classifying machine tools when sent along with electric motors under class V, machine tool manufacturers are required to pay very high freight rates, in view of the fact that the weight of the machine is several times more than that of the motor. We, therefore, submit that your Committee should give careful consideration to this matter and recommend suitable modifications in the freight rates for machine tools and electric motors with a view to removing this difficulty.

We shall be most grateful, if your Committee will consider our representation in the matter sympathetically.



## THE MYSORE KIRLOSKAR LTD., HARIHAR

Statement showing the Railway freight charges from Harihar to Wadibunder and excess freight required to be paid for sending machines coupled with Electric motors.

Serial No.	Name of machine	Weight of m/c	Sent separately w/o Ele. motor freight class IV (rate per md. Rs. 1-14-3)	Electric Motor		Total freight Columns 4+6	M/c sent with Ele. motor in one package, weight cols: 3+5	Freight Class V	Excess freight required to be paid difference between col: 9-7	Remarks
				Weight	Rs. a. p.					
1	2	3	4	5	6	7	8	9	10	11
		Md. Srs.	Rs. a. p.	Md. Srs.	Rs. a. p.	Rs. a. p.	Mds. Srs.	Rs. a. p.	Rs. a. p.	
1	Harihar No. 1 lathe	21-0	39 11 0	1-2	2 0 0	41 12 0	22-2	45 9 0	3 13 0	
2	Harihar No. 2 lathe	23-0	43 8 0	1-2	2 1 0	45 9 0	24-2	49 10 0	4 1 0	
3	Shimoga No. 1 lathe	40-0	75 10 0	1-15	2 1 0	77 11 0	41-15	84 15 0	7 4 0	
4	Shimoga No. 1 'NR'	41-30	78 15 0	1-28	2 1 0	81 0 0	43-18	89 1 0	8 1 0	
5	Shimoga No. 2 lathe	45-30	86 8 0	1-25	2 1 0	88 9 0	47-15	95 3 0	6 10 0	
6	Shimoga No. 2 'NR'	48-20	91 11 0	2-0	4 2 0	95 13 0	50-20	103 6 0	7 9 0	
7	Bhadravati No. 1	48-0	90 12 0	1-30	2 1 0	92 13 0	49-30	101 13 0	9 0 0	
8	Bhadravati No. 2 'NR'	53-0	100 3 0	1-15	2 1 0	102 4 0	54-15	111 9 0	9 5 0	
9	Bhadravati No. 4	61-10	115 13 0	2-2	4 2 0	119 15 0	63-12	130 0 0	10 1 0	
10	'RL' No. 1 lathe	52-20	99 4 0	2-0	4 2 0	103 6 0	54-20	111 9 0	8 3 0	
11	'RL' No. 2 lathe	74-30	141 5 0	2-0	4 2 0	145 7 0	76-30	157 2 0	11 11 0	
12	Hubli No. 1 lathe	22-0	41 10 0	1-1	2 0 9	43 10 0	23-1	47 9 0	3 14 0	
13	Hubli No. 2 G. H.	24-0	45 6 0	1-0	2 0 9	47 6 9	25-0	51 3 0	3 12 3	
14	Dohad 18" Drilling	12-10	23 3 0	1-0	2 0 9	25 3 9	13-10	28 2 0	2 14 3	
15	BOMBAY lathe	135-0	255 4 0	5-10	10 4 0	265 8 0	140-10	287 10 0	21 9 0	

# The East India Cotton Association, Ltd.,

Bombay.

## GENERAL

I am directed to inform you that the Board of Directors of my Association have carefully considered the Questionnaire issued by your Committee and to say that while they do not consider it necessary to reply to the questions detailed in the Questionnaire *seriatim* they would prefer to confine their observations to the broad issues affecting the Railway Freight policy especially from the point of view of the Cotton Trade.

2. My Board note that the rates policy in regard to Railway Freight has undergone several changes in the past. The existing rates structure which came into operation from 1st October 1948 is based on the Post-War Rate Advisory Committee's proposals embracing complete set of telescopic class rates and telescopic wagon rate schedule. It should be noted that at that time the Trade and Industry did not have any opportunity to express their opinion on this important subject as the present rate structure came into existence following the investigations by a Departmental Committee. It is also pertinent to observe that the economic background and requirements themselves have undergone a radical change since then and that therefore the present enquiry which attempts to review the whole position of Railway Freight Structure is not only timely but welcome.

3. It is common knowledge that the rates for cotton charged during the period immediately preceding the basis indicated above were stabilised at a level considered justified in the abnormal period after the end of the Second World War, with the result that the present rates in the majority of cases work out to about 10 to 15 per cent. higher than the rates prevailing in the previous period. Under the telescopic system

of rates on a continuous mileage system, the rates for movement of cotton beyond the distance of 600 miles are comparatively cheaper. However, movement of cotton takes place from producing centres to consuming centres and/or terminal centres and ports for exports and it has been our experience that the schedule of rates in respect of the distances less than 600 miles works out comparatively to the disadvantage of the Trade. In a number of cases where cotton has to be moved within a distance of 300 miles the burden of heavy freight structure is keenly felt. Moreover, the abolition of station-to-station rates or special rates under which a substantial volume of cotton used to move to ports and/or consuming centres in the earlier times have also led to an increase in the charges payable for movement of cotton and have increased the transport cost. My Board strongly feel that while in principle the system of telescopic rates is sound in the process of application the beneficial effects of the system have been almost nullified. The system has become rigid and is not such as would respond to the over riding need of the day of accelerating the pace of economic development of the country.

4. The revisions effected during course of past seven years have only resulted in further pushing up the level of freight rate as applied to the Cotton Trade. The following table relating to the rates for movement of cotton to some of the main consuming centres would be sufficient to substantiate the observations made by my Board and would at the same time present a clear picture of the net effect of the changes effected from 1948 onwards in the rates for movement of cotton.

		Rates in pies per maund				Percentage of
From	To	1947	1948	1950	Current	1947
PALEJ	Bombay	153	175	202	219	143%
	Ahmedabad	72	82	93	100	139%
	Ujjain	170	196	226	226	133%
	Kanpur	438	484	563	534	122%
	Coimbatore	812	783	921	919	113%
SURAT	Bombay	120	137	157	170	141%
	Ahmedabad	105	119	137	137	130%
	Ujjain	203	233	270	270	133%
	Kanpur	471	540	601	601	127%
	Coimbatore	780	756	883	902	115%

5. Thus, while appreciating the good effects of telescopic class rates in movement of commodities over longer distances, my Board regret to observe that the present Railway freight structure in actual practice has not proved to be an improvement over the previous one at all and so far as the trade in cotton is concerned it can be stated without any fear of contradiction that the existing structure has not been able to serve the best interest of either the cotton trade or the Indian Cotton Textile Industry. It is, therefore, a matter for consideration whether the facility available to the trade in the past of quoting station to station rates cannot be reintroduced now with such adjustments as may be considered necessary to fit in with general structure of freight rates. The question requires to be viewed and dealt with from a practical point of view rather than an empirical point of view, inasmuch as at present short-distance traffic has been burdened by an increase in rates over short-distances on account of telescopic rates. It is also necessary to see that there is no rigidity in the working out of standard rates as that will prove to be highly detrimental to the interest of the growing industries.

6. It is hardly necessary to observe that against the background of a relatively stable price level within the country, the increased revenue to the Railways from Railway freight earnings from cotton since 1947 is likely to be very substantial. Having regard to the fact that there has been phenomenal increase in the Indian cotton crop of over 100% over 1948-49 level i.e. from a crop of about 23½ lakh bales in 1948-49 to about 50 lakh bales in 1953-54 (commercial estimates) and also the fact that approximately railway freight rates in cotton have been upgraded by about 13 to 43 per cent over the 1947 level, my Board would request your Committee to consider the case for reduction of railway freight on this important commercial commodity. A downward revision of freight rates would definitely lead to increased earnings from exports of both cotton textiles and raw cotton. As is well known, India's development plans are expected to impose serious strains especially on the financial outlay of the Second Five Year Plan and we should all endeavour to augment our foreign exchange resources. Raw cotton is a reliable foreign exchange earner of the country and consequently any measure affecting these earnings, in the opinion of my Board, merit serious consideration at the hands of your Committee :—

- (i) Exports of Cotton Textiles are the most valuable source of foreign exchange earnings on India's export front, ranking next only to Tea and Jute. India continues to be the second largest exporter of Textiles after Japan and her annual exports are estimated to be of an order of about 700/1000 million yards. Any increase in freight rates on raw cotton will result in increasing the ultimate cost of production of cotton fabrics, thereby jeopardising the competitive ability of Indian Textile Exports in foreign markets; on the other hand, my Board are of the confirmed opinion that any decrease in this regard may well give the much-

needed fillip to exports and increase the foreign exchange earnings.

- (ii) It is gratifying to note that India has now emerged as an exporter of raw cotton to the tune of approximately 3 to 4 lakhs bales annually. With further increases in her cotton production, there is every possibility of additions in the exportable surplus of our country. Any reduction, therefore, in freight rates would be of no small help in obtaining foreign markets for this sizable surplus of raw cotton and especially in the context of a situation of highly competitive foreign markets, such a relief will be a genuine assistance to the trade.

7. Moreover, my Board would like to draw the attention of your Committee to some of the general aspects affecting the movement of cotton. Complaints of delay in the transport of cotton from one place to another have unfortunately become a normal feature of the trade and my Board can quote instances after instances in which stocks get piled up at various cotton growing centres in the interior due to non-availability of wagons at a proper time. Handling of goods and other facilities also leave a scope of improvement. The situation is the direct result of the fact that raw cotton has been assigned a low priority and which therefore requires to be upgraded immediately, more so in view of it being an essential commodity requiring quicker movement for consumption in the mills and for export purposes, in view of the improved statistical position and the increased scope of export business in cotton referred to earlier the movement of cotton for export purposes deserves special consideration and it should be placed on a par with mills. This facility will greatly help the exporters of raw cotton in fulfilling commitments abroad in time and thereby avoid consequences of default in shipment of cotton within the contractual period.

Reference has already been made to the fact that cotton crop in India is increasing year to year. Cotton arrivals are spread over practically all over the season starting from October in West Punjab till they reach the Southern Districts where the season starts very late i.e., from April to August. If statistics of the requirements of the trade for wagons are worked out in details, sufficiently in advance, in the light of past experience and performance and the allotments are planned accordingly to the prospect of succeeding year, transport bottlenecks can be obviated generally and during the peak period the movement of cotton can be made with efficiency and dispatch. From 1948 onwards, it will not be untrue to state that while the effective burden of freight rate on various commodities has been on an increase, the normal facilities to consignors have been on a decline and quality of service provided by Indian Railways have shown evidence of deterioration. My Board hope that these trends will now definitely be reversed as a result of recommendations of your Committee.

8. My Board would also like to draw the attention of your Committee that often there is undue delay in the settlement of claims against railways creating innumerable difficulties for the users of Railways and it is

suggested that the measures and methods adopted by the insurance Companies should also be followed by the Railway administration, according to which a definite time limit be prescribed so as to guard against avoidable delays and results arising out of dilatoriness and red-tapism. Improvement in such aspects of Railway administration will result in reducing the inconvenience to the claimants to the minimum and will lubricate the wheels of trade.

9. In conclusion my Board would like to emphasize that the present outlook of the Railway Administration to look at the problem of revision of the freight structure only from the point of view of financial implications should radically change and while

reconstructing the new and bold policy they should take into account not only the questions of stable revenues for the Railways but also questions of efficiency in the movement of traffic within the prescribed time and the improvement in the quality of the service. As is known to all, soon the country will enter an era of expansion of economic activities and the Railways though working as a commercial concern should take a broad view of the picture and cope up with the volume of traffic which is expected to increase by over 50 per cent. during the next five years.

My Board trust that the committee will give due consideration to the views and suggestions made by them above.

## Bombay Salt Merchants' & Shilotries Association,

Bombay.

### GENERAL

This Association represents nearly 95 per cent. of the total production of salt in the Bombay Sea Salt Region and has been established nearly 25 years back. It is the only and responsible trade organisation representing Sea Salt Industry in the Bombay State. The Association therefore represents the view of salt manufacturers, merchants and traders with regard to the necessities as well as difficulties experienced by them with regard to the transport and movement of salt loading stations in Bombay State.

The Bombay Sea Salt Region produces approximately 4 lacs tons of Salt every year and out of this 88 per cent. is consumed in Bombay State while the rest of the salt is sold to the neighbouring states such as Hyderabad, M. P., M. B., V. P., parts of Madras and Andhra States and appreciable quantity is also consumed in small parts of Orissa, Mysore and Assam as well as large sections of people in U. P. and North Bihar Rajasthan and Malkar.

Nearly 87 per cent. of the total production of salt is moved on rails and the balance is either moved by road or sea to Malabar Coast. It will therefore be seen that a substantial part of the salt produced in the State is moved on the Railway and hence the necessity for urgent consideration of the points that are placed for consideration in that behalf.

Salt is produced only on the coastal places particularly in the west in Saurashtra, in Bombay and on the south coast of India in Andhra and Madras state. We have not got any rock salt mines and therefore all salt produced at one end or coast of the country has necessarily to be transported to the farthestmost corner inside the vast country and the mountains to places like Nepal, Bhootan etc.

The necessity of salt in the diet of the poorest of the country needs no particular stress or mention. Salt is needed by every human being as much as he needs air and water, and therefore the leaders of this country have always associated salt with freedom movement and insisted on the abolition of duty on salt and have always stressed the need of salt being made available to every man at as cheap a price as possible. The Gandhi Irwin Pact particularly provided that any man on the coast line can pick up salt as much as a head load and carry it without any cost or duty. The policy of our present Government announced provides for the establishment of 10 acre salt works. This has been a step in this direction only viz., to encourage the small scale village industry to provide occupation to the agriculturists in off season, to encourage small scale production by group of friends or family members and thereby reduce the cost of salt so produced.

Recently such 10-acre works have been exempted by the Government even of salt cess charges of Re. 0-2-0 per maund and in certain places like Dhrangadhra and Saurashtra a weightage for the transport has been provided to enable the small scale grower to sell his salt in preference to large scale salt manufacturers. This is not the place to discuss the merits or demerits of such a policy, but whichever the means the end is kept in view and it is to reduce the cost price of salt to enable it to be grown as cheap as possible and make it available to the needy and poor as cheaply as can possibly be done.

The transport of salt from one place to another depends upon the various systems of transport and more the means of transport roads are primitive the prices heavier. All the cost is ultimately borne by the

consumer and the salt in that proportion becomes dearer; the larger the distance it has to travel the dearer it becomes to the consumer. The Government do not undertake to carry salt to different places in the country and in that manner it ultimately increases the price to the consumer. As far back as 1871 when this question was examined by the Selected Committee of the East Indian Finances, Sir Charles Beaden has admitted "that a transport of salt should be accepted to be a moral responsibility of every good Government because if all salt is so undertaken to be conveyed free of cost the purchaser of salt would then have to pay the same price at that place which he would have to pay at the place where the salt comes from. But if you instead making him carry it he is put to great expenses in consequence of bad roads or high charges that operates in the same way as if you put an additional tax upon it." Ultimately Committee thought that the extent of roads and the facilities on rail road is equivalent to reduction of taxes.

Taking this particular aspect of the case in view the special rates for the transport of salt on rail were made available and concessional rates from place to place were prevailing upto 1948. For instance salt was carried to Calcutta from the salt loading

station in Bombay at approximately Rs. 25 to Rs. 27 per ton whereas at present the cost must be at least threefold the result being that the movement of salt in smalls viz., wagon load as compared to ship load has completely stopped. All salt to Calcutta had to go by sea in large quantity in ship load only and after having arrived at Calcutta was again to be railed inside 300 to 400 miles. This abolition of concessional rates to such deficient places particularly Bengal and Bihar has many a time resulted in acute scarcity of salt in that area and consequent high price for this commodity and entire dependence on the stock and rail facilities at Calcutta which has to be supplied by shipload only. If therefore concessional rates could be revived from the places of salt growing centres to such places which cannot grow salt, it will tremendously increase the small wagon load movement and the dependence of these places on stocks at Calcutta will be considerably reduced and to that extent the price of salt will come down.

The other salient points which need to be shown in this connection are briefly stated below :—

1. The rate for the movement of food grains and manure are lower than the rate for the movement of salt :

Foodgrains	WL/G	.38/150	+	.28,150	+	15	beyond
	WL/D	.38/300					
Salt	WL/l	.43/300	+	.23/300	+	.15	"
Manure	{ WL/A	.25/100	+	.20/300	+	.15	"
	{ WL/AR	.30/100					

In fact salt is the most important necessity of life. It cannot be grown any where and everywhere; the necessity of transport is absolutely essential and therefore the rate for the movements of salt should be preferential and concessional. In any case lesser than the rate for food grains at any rate it should not be greater than the food grains rate and at least it must be on parity with the rates for all articles of food.

2. The cost of food grains and the cost of salt should be compared in levying the rates of transport. Whereas one maund of food grains will cost any thing from Rs. 20/- to Rs. 30/- the cost of one maund of salt is barely Rs. 1/8/- or Rs. 2/-. A transport charge of approximately one rupee per ton would work at 8% for food grains whereas it would work out at 50% of the cost price of salt at the same level. Whereas the food grains are grown any where, cannot be so grown and must be imported and therefore there is a very strong case for lowering the rates on salt and concessional and preferential rates in particular for long distant places which are deficient.

3. Salt is now-a-days on many occasions required to be moved by special trains. Whenever special trains are utilised it brings about a considerable saving of time as well as maximum utilisation of rolling stock. Various other expenses of shunting etc. are also saved and therefore it is requested that special rates of freight should be fixed for the movement of salt by special trains at least.

4. That the aim and object of our Government particularly with relation to salt is to see that the price of salt to the consumer is as low as possible. For this end the tax on salt has been abolished and the cost to the State Exchequer on this account alone is nearly 12 crores of rupees. Whatever has been given away by the abolition of Salt Tax has been taken away by abolition of preferential and concessional rates since 1948 with the result that the transport charges have become more than 80% of the cost of salt at given places and to that extent the transport charges are working as an additional taxation. In this way the benefits of abolition of tax have been completely neutralised.

5. According to the First Five-Year Plan as well as the Second Five-Year Plan various chemical industries are to grow at different places in the country. Many of the chemical industries require salt as an essential article of raw material and to that extent salt has to be and must be conveyed to the various places for industrial and chemical use. Formerly no duty was levied for salt used for industrial and chemical purposes, and in this way some relief was given to the chemical industries in the country. If industries have to thrive and stand the competition they must be provided with the raw materials at as cheap a price as possible. Special concessional rates should therefore be provided for all movement of salt transported for industrial and chemical use.

6. On account of large scarcity of rolling stock many a time open wagons are



supplied, the goods are not carried at railway risks. No persons can utilise the open wagons for transport particularly on account of fear of pilferage and damage to goods at various points. Salt particularly should therefore not be insisted to be carried in open wagons on account of its hygroscopic nature; it attracts moisture considerably and rain and other climatic conditions spoil goods.

Under these circumstances it is submitted:—

- (a) That open wagons should not be insisted upon.
- (b) If open wagons are insisted concession and reduction in freight charges should be provided and suitable quantities of tarpaulins should be made available.
- (c) Such goods should always be carried at Railway Risks if folly stock has to be utilised.

7. At present the Railways insist that the salt cannot be loaded in bulk but must be loaded duly packed in gunny bags. The

cost of bags is now a days tremendously high and therefore the cost of bagging itself is appreciable as compared to the cost of salt itself. Whereas the cost of salt between as. -/12/- to Re. 1/- the cost of bagging alone is nearly a rupee. This therefore amounts to a double loss as equal value of packing material is lost when open wagons are provided. Salt should therefore be conveyed and transported in bulk so that it would involve saving in packing material and the losses to that account saved. Whenever salt in bulk will be carried it will be cheaper to the consumer and the Railway Risk involved would be negligible, because the total cost of the whole wagon-load of salt would not be more than Rs. 500/- to Rs. 700/-. We find that cement and coal is transported in bulk. We therefore do not understand why salt cannot be hauled in bulk as well.

These are some of the observations which this Association would like to be considered and if any further or particular information is necessary which we can give, we would always hold ourselves at the disposal of the Committee.

## The Bombay Oilseeds Exchange Ltd.,

Bombay.

PART II.

Q; 1. The general practice with the consignors is to despatch at railway risk such oilseeds as the railway accepts at railway risk. The railway does not accept groundnuts at railway risk. It is suggested that the consignors should be given the option to send groundnuts at railway risk.

Q: 2. Insurance is taken out in very exceptional cases and that too only by a few large firms who have bulk contract in insurance for all their goods in transit. In some cases such insurance is also taken where Railway carriers the risk because the consignors and/ or consignees do not get full value of loss from the Railway.

As far as the Exchange is aware, such type of insurance has so far been handled only by foreign insurance companies. It is suggested that the Indian Insurance Companies should be persuaded to enter the field of such insurance at competitive rates.

Q: 3. Please refer to reply to Q: 2.

Q: 4. Compensation claim payments have increased in ratio to the increased traffic handled by the railways. Further, though there are no figures on record, the trade feels that there have been more claims in the post-war period on account of

the increased incidence of pilferage. The value of claims has also increased in view of the generally higher level of prices of the commodities carried by railways.

Q: 5. Please refer to the Railways for information on this question.

Q: 8. Please refer to reply to Q: 2; the consignors should be given the option to send at railway risk or owner's risk all commodities whether in wagon loads or smalls.

Q: 9. The extra cost of sending goods at railway risk should not be such as would exceed reasonable cost of insurance.

Q: 10. It is recommended that oilseeds and oils should be allowed to be booked at owner's risk as well as railway risk at the option of the consignor.

Q: 13 & 14. Do not apply to oilseeds.

Q: 17. The Exchange is in favour of the railways providing warehousing facilities adjacent to railway sidings. Such facilities should be available to the consignors as well as consignees. Oil tank should be provided at important centres for consignors desiring to send or receive oil in tank wagons.

Q: 18. No change is recommended.

Q: 19. The Railways know the dimensions and the reasons of pilferage, loss, etc. and also how they occur. Railways should device proper ways and means to guard against such pilferage, loss, etc., of the goods which they carry. At transshipment points loading and unloading should be done within 24 hours of the arrival of goods. Platforms should be constructed between broad-gauge and metre-gauge lines for load-

ing and unloading of goods directly from one to the other.

No unauthorised persons should be allowed in the area where goods are loaded and unloaded or stored.

Railways should also take care of goods even during the period of demurrage.

Q: 21. It is recommended that disposal of claims should be speeded up and no claim should remain outstanding for more than a fortnight.

## The Bombay Oilseed Crushers' Association,

Bombay.

### PART I-A.

Q: 1. (a) The revised freight structure of 1948 has not resulted in any appreciable changes.

(b) Yes.

(c) We are not aware of any effect in this connection.

Q: 2. (a) It is felt that the present arrangements are not sufficiently flexible.

(b) We are under the impression that the Railway administrations do not exercise their discretion.

Q: 3. (i) No. We consider that both class rates and wagon-load scales should be related to the value of the commodities concerned.

(ii) (a) The basis of standard telescopic wagon-load scales should be paced on the same mileage principle as for class rates.

(b) We are not in a position to offer any comments.

Q: 4. As there is little traffic beyond 1,500 miles, the maximum should be abolished or should be introduced for other wagon-load scales also.

Q: 5. (i) The principle of a separate levy of terminal charge should be discontinued.

(ii) The principle of short distance charge should be maintained.

(iii) There should be no transshipment charge.

It is not expected that implementation of the above suggestions will cause any appreciable loss in revenue.

Q: 6. No change recommended.

Q: 7. No cause for alteration.

Q: 8. The empty haulage charge should be abolished.

Q: 9. No objection.

Q: 10. The present general classification requires complete overhaul in consultation with the interests concerned. The grouping of commodities is often unrealistic and irrational;

e.g. Vanaspati, butter and ghee are all grouped under class 10 RR and class 8 OR. Vanaspati is an essential article of food less than half the value of ghee and butter which are semi-luxury articles. The rating of all three commodities on the same basis is therefore wrong.

We also object to railway freight scales being made an instrument of Government policy regarding certain industries e.g. almost the same freight per ton is levied on ground nut seed and ground nut oil, which means that a crushing mill situated, e.g. in Bombay is put under a serious handicap *vis-a-vis* crushing mills in the growing area. If it is Government's wish to support certain industries, this should not be done by fixing railway rates which have a crippling effect on some units. These are hidden subsidies to a section of industry paid out of railway revenue.

Q: 11. There should be wagon-load rates for all commodities.

Q: 12.&13. The minimum charge not to be revised.

Q: 14. We recommend that the minimum weight should be increased to 20 seers.

Q: 15. We do not favour any change if this means increasing the present level of rates.

Q: 16. (i) There should be no revision in the upward direction.

(ii) The present class rate for 'smalls' should be retained and wagon-load rates introduced for all commodities for which there are at present no wagon-load traffic.

(iii) We are in favour of this suggestion.

Q: 17. We recommend the introduction of train load rates. Arrangements should be made for users to co-operate with a view to forming train loads.

Q: 18. We are not in favour of an additional charge.

Q: 19. & 20. No suggestions.

Q: 21. (a) (b) & (c) We are in favour of any revision in the existing rules and charges. Where alternative modes of transport are available the trade will use them, especially when there is a shortage of wagons, but it should be a matter of choice and not compulsion.

Q: 22. It is obvious that rates by road or inland water-ways are attractive wherever these means of transport survive despite competition from the railways.

Q: 23. We are not in favour of creating a freight pool.

Q: 24 & 25. No comments.

Q: 26. We are in favour of lower freight rates in the interest of India's economic progress.

Q: 27 & 28. No comments.

Q: 29. See answer to Q: 1 (b).

Q: 30. We are in favour of station-to-station rates as an encouragement to new industries, but station-to-station rates are only justified if there is an adequate quantity of goods on offer and the danger of discrimination must be kept in mind.

Q: 31. We agree that the railway freight rate policy should not be based solely on considerations of the economics of transportation and the needs of railway finance. The railway should be prepared to rationalise the freight structure in the interest of the country's industries.

Q: 32. Definitely no. Refer to our comments under Q: 10.

Q: 33. We are of opinion that the railway freight rate should not be made use of to subsidise industries. If industries require support, they should be subsidised by Government in some other way.

Q: 34. No extra charge should be made to the public or trade in order to make unremunerative or new lines pay. It is Government's duty to provide rail transport also to areas when initially new lines will not pay and any loss on the running of such lines should be borne by the general revenue.

Q: 36. The railway surplus revenue should be utilised to improve the railway service.

Q: 37. If cottage industries require subsidy, it should come out of the general revenue and not through favourable freight rates.

Q: 38. No comments.

Q: 39. Goods should be carried only at economical rates.

Q: 40. There should be no increase in freight rates to meet these charges.

Q: 41. The adjustment of a flexible freight rate should be made in consultation with representatives of the export trade concerned whenever necessary.

Q: 42. The post-war increase in production has affected the pattern of traffic, i.e. many articles previously brought in by sea are now manufactured in the country and have to be transported to the consuming areas.

Q: 54. In principle there should always be a difference between bulk movements and 'smalls'. The freight structure should be so framed that consignors could easily ascertain the actual inclusive rate per md. per mile for any particular commodity over any particular distance.

## Bharat Barrel & Drum Manufacturing Co., Ltd.,

Bombay.

### GENERAL

Re: *Freight Rate*: We have previously brought to your notice the high freight rate prevailing now for barrels and drums. Please see our representation dated 4672/55 of the 12th August 1955—copy attached for facility of reference. This has put us in a very difficult position owing to the fact that we are not able to market our products competitively in places like Madras, Calcutta, Delhi etc. At present freight rate is calculated not on the basis of the weight of the

barrels but on the basis of the space occupied. In a wagon having a capacity of 22 tons we are able to load a maximum of 150 barrels the weight of which comes to 3 tons 7 cwts. Based on the calculation of railway freight on the basis of weight actually loaded, the freight which ought to be collected from us comes to Rs. 262-8-0 (taking Calcutta as the destination for example) whereas we are obliged to pay Rs. 375/- (approximately) which works out to

Rs. 2-8-0 per barrel. Due to this very high freight rate we are unable to market our goods in centres like Calcutta, Madras.

Owing to the absence of planning in connection with manufacture of barrels and drums two new plants were set up and came into production in Bombay in the year 1953. Prior to the establishment of these two new factories, a good part of our manufacturing capacity was lying idle for want of orders. But with the coming up of these two new plants the position has further deteriorated and a very large part of our manufacturing

capacity is lying idle. It is, therefore, absolutely essential for us to sell our barrels and drums to customers in places like Calcutta, Madras, Delhi, etc. But we are unable to do this because of the high freight rate which now prevails. In order that this industry may survive and work economically it is essential that the present freight rate structure is reviewed and freight is charged on the basis of the weight of the barrels and not on the basis of covering space. We will accordingly be grateful if you will accept our request and recommend to the Railway Board accordingly.

*Copy of letter No. 4672/55 dated 12-8-55 from the Bharat Barrel & Drum Manufacturing Co., Ltd.,*

*To the Chairman, Railway Freight Structure Committee, New Delhi.*

We understand you have been appointed as the Chairman of the Railway Freight Structure Committee to go into the present freight rate structure for railway transport. We forward you herewith a copy of our letter No. 4199/55 dated July 18, 1955 addressed to the Secretary Federation of Indian Chamber of Commerce and Industry, New Delhi and your kind attention is invited to para 2 of this letter from which

you will note that due to the heavy freight rate we have to pay on our barrels for supplies to Calcutta and Madras our prices become most non-competitive at these places. We hope you will take all these into consideration while deciding about the future freight rate and give us some relief.

Thanking you.

*Copy of letter No. 4199/55 dated 18-7-55 from the Bharat Barrel & Drum Co. Ltd.*

*To the Secretary, Federation of Indian Chamber of Commerce & Industry, 28, Ferozshah Road, New Delhi.*

We have for acknowledgment your circular No. F. C. 141/596 of the 29th June 1955 on the above subject, the contents whereof we have duly noted. Of late we have been experiencing very great difficulties in getting bookings to various places to which we have to despatch our barrels and drums against specific orders. We give here below answers to your questionnaire.

(3) We request you to represent our case to the Railway Board to put us in a priority list, as we have to supply barrels promptly to the various oil and other companies, viz. Standard Vacuum Oil Co., Caltex (India) Ltd., Calcutta, Burmah-Shell Oil Co., Madras, Indian Turpentine & Rosin Co., Bareilly, Tide Water Oil Co., Calcutta, Tungabhadra Industries, Kurnool, etc. etc.

(1) We are not able to get satisfactory booking facilities to Calcutta (especially to the sidings of the Oil Companies) and also to places like Bareilly, Bezwada, Secunderabad, Madras, Kurnool, etc. Further we are also not able to get booking facilities to various stations in the South of India such as Madras, Trichinopoly, Coimbatore, Coonoor, etc. to which places as well we have to despatch barrels and drums in loose condition. We are manufacturing barrels and drums of different capacities ranging from 5 gallon drums to 45 gallon capacity barrels and these are widely consumed by Oil Companies manufacturers and exporters of edible oils, Paint Manufacturers etc.

We manufacture barrels and keep them ready on the premises for railway booking on particular dates. But at the last moment these bookings are cancelled by the railway authorities whereby the storing place being limited, we have to stop production. Besides, if we do not get certain number of wagons on weekly basis, we cannot despatch the required quantity to Oil Companies weekly, thereby the filling of the oils by oil companies comes to a standstill. Therefore we urge that the above points should be stressed by you to the Railway Board so that we may be put on a priority list, and wagons become available to us in a reasonably expeditious manner.

Please see the enclosed statement giving specific examples of delays experienced by us.

Although in your letter you have made a reference only to the question of delays in securing Railway booking, we would request you to take up with the Railway Board the question of freight rate which affect us very seriously. As stated above we are manufacturers of barrels and drums of different capacities. Our principal customers are the 3 big mineral oil companies to whom we supply 45 gallon barrels. These companies require their supplies in Bombay, Calcutta and Madras. In so far as Madras

(2) We are not able to give any specific reasons which cause the delay in getting booking facilities but the fact remains that due to booking of military goods to Calcutta, we are not getting adequate facilities to Calcutta and we presume the same might be the case for other stations as well.

and Calcutta supplies are concerned, our prices become non-competitive because largely of the relatively high freight which we have to pay for our barrels. The charge made to us is not on the basis of the weight of our barrels but on the basis of the space occupied by our barrels. In a 20 ton wagon we are able to accommodate roughly 150 barrels, the total weight of which is 7,500 lbs. i. e. 3 Ton 7 cwt. We

are charged not for that tonnage but for 20 tons. You will appreciate that this works very heavily against us in the matter of competition. We accordingly request you to discuss this matter with the Railway Board with a view to obtaining some relief for us.

Thanking you.

*Copy of letter No. 41008 Dated 29th November 1955. Ref : No. 63/55-56.*

*From The Bombay Charcoal Merchants Association Coal Depot, Sewri, Bombay 15.*

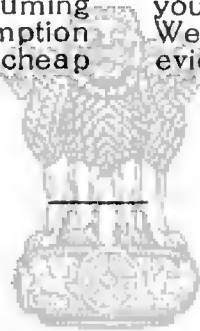
*To The Secretary, R.F.S.E.C. C/o Railway Board, Calcutta.*

*Sub : Freight rates for charcoal.* We beg to bring to your notice that the freight rates for transport of charcoal from C. P. and other charcoal burning areas to Bombay are too high and have gone beyond the capacity of the trade and the consumers to pay. Bombay is the chief consuming area for charcoal where its consumption and prices are going down due to cheap

and easy availability of other fuels like kerosene, electricity, gas and coke.

Due to the slump in the trade lakhs of men employed in burning and distribution of charcoal face unemployment.

On behalf of this Association, we request you to go into the freight rates of charcoal. We shall be glad to reply queries and lead evidence before you.



**The Bombay Hessian and Gunny Merchants' Association Ltd.,**

**Bombay.**

#### GENERAL

I am fully aware of the details put in your questionnaire but I do not find it possible to give reply item or para wise and hence would put hereunder for your information and consideration, facts in short which affect our trade and which require adjustment according to the trade, to put once upon a time most flourishing but presently dwindling trade in order once again.

Before coming to the point I would briefly narrate history of Jute (bags and hessian) trade of Bombay.

For past 100 years Bombay acted as a most vital distributing centre. Traders in Bombay imported goods from Calcutta by rail and steamer and consumers not only of Bombay Province purchased their requirements from Bombay market but all adjoining provinces made their purchases

from Bombay instead of direct purchases from Calcutta.

Now over head expenses in Bombay have mounted due to heavy taxation and other expenses which have tempted other provinces to establish fresh connections in Calcutta direct and they make their purchases there instead of Bombay. Thus eliminating Bombay traders who will ultimately be compelled to close their business which will render many people unemployed.

However freight plays one of the important role and it would be wise if it is thought fit to reduce present rates to a reasonable level. Comparing with pre-war rates present freight charges are 4 times higher, which you will see from the following figures.



			Rs.
From	1936 to	31- 5-1942	0-10-2
„	I- 6-1942 to	31-12-1944	0-11-3
„	I- 1-1945 to	31- 5-1948	0-15-5
„	I- 6-1948 to	30- 9-1948	2- 2-0
„	I-10-1948	...	2- 6-4
			Surcharge of Re. 0-2-0. per rupee has been charged which is in force at present.

Over and above this Re. 0-0-2 are being charged for unloading the goods which added to the usual charges the rate is Rs. 2-6-6.

Besides this I am directed to draw your attention to the present rates by Sea which nearly half that of railway freight which induces importers in Bombay to bring their goods by ship. A bale of jute-goods weighs about 9 Bg. maunds and at the present rate of Rs. 2-6-6 it comes to about Rs. 21-0-6 per bale whereas by ship freight comes to about Rs. 11-8-0 per bale.

In past you must be aware of railway authorities efforts to induce the trade to make more use of Railways in transshipping their goods when competition was very keen between Railways and steamship com-

panies. I am directed to say that on several occasions merchants engaged in Jute goods trade in Bombay were invited by Railway authority to help them meet this competition and their advices were always respected and special concessions were given.

Now you will find that freight rates have gone up nearly four times and facilities instead of having been increased simultaneously, trade finds nothing but difficulties at every step which brings nothing but hatred and ill feeling towards Government.

I am therefore directed to say that the present rate should be brought down substantially to induce importers from Calcutta to import their requirements by rail.

## The All India Manufacturers' Association,



### GENERAL

My Committee welcomes the appointment of the Railway Freight Structure Enquiry Committee as, in the opinion of the Working Committee, a thorough examination of the freight structure of Indian railways has become over-due and imperative with a view to its being drawn up on a more logical and scientific basis on the principle "what the traffic can bear", and so as to be in consonance with the present economic requirements and future developmental needs of the country. The heavy increase in freight rates in recent years has increased the cost of production and distribution of essential products like steel, cement, paper and heavy chemicals which, in turn, has adversely affected the competitive capacity of other industries and has added to the ultimate burden on consumers.

In the absence of a well-developed road transport system and complete absence of inland waterways for various parts of the country, railways constitute the overwhelming major provider of transport in the country. As such, in the opinion of the Working Committee, a heavy responsibility

rests on the railways to provide efficient adequate and cheap transport facilities with the minimum cost to the community in order to assist industrial and economic development of the country.

The Working Committee recommends that the existing heterogeneous system of classification of the freight structure should be replaced by a more simple and scientific system more or less on the following lines:

- (a) Food, cattle fodder, fuel, fertilizers;
- (b) Raw materials for industries;
- (c) semi-manufactured articles;
- (d) Manufactured goods; and
- (e) Exportable commodities

with a provision for scientific economic ratio of freight between each of the above groups, keeping in view the ability of the class of traffic to bear the relative rates of freight.

The Working Committee recommends fixation of special low railway freight rates for

- (i) Nascent industries for the movement of essential raw materials and fuel and distribution of finished products;
- (ii) New industries to be started in under-developed areas in order to make effective use of power that may be generated from the hydro-electric projects that are being developed; and
- (iii) Export industries for moving goods from producing centres to ports.

My Committee emphasises that in view of the introduction of telescopic rates, short distance charges should no longer remain in operation, and that terminal charges should be revised in accordance with the basic needs of industries and with the services rendered by the railways.

My Committee also emphasises that in formulating the future freight rate policy, the burden of expenditure of a capital nature for expansion programmes such as construction of New railway lines, increase in line capacity, provision of new rolling stock, etc., should not be allowed to fall heavily on the freight rate and that such developmental expenditure should be met from outside borrowing to the maximum extent possible so that the burden would be equitably distributed between the present and future generations who would also be equal beneficiaries of such developmental expenditure.

#### PART 1-A.

Q: 1. Railway Freight structure has been the subject of criticism for a very long time. Particularly when a revised classification of goods and the telescopic rates were introduced in 1948 it came as a surprise to industry which was just settling down from the effects of the last war. The benefits which were intended to be accorded to the industry by the new telescopic rates were nullified by the distribution of legs in the various distance ranges. In case of wagon load scales a great foresight was shown in restricting the first leg to 200 miles in relation to the first two scales (WL/A, WL/A:R and WL/B, WL/B:R) but the same advantage was not given in case of the second leg. The second leg was made applicable to a distance range of 300 miles. Similar attitude is followed in cases of wagon load scales WL/D, WL/E, WL/F, WL/G, WL/H and further there are many other unjustified imports, on the short distance traffic. There are the short distance charges the standard terminal charges, the overall minimum charges etc. The overall burden of all these levies on short distance traffic is out of proportion.

The present freight rate structure entails most inequitable and unbearable burden on short distance traffic particularly on raw materials which are almost invariably of the nature of short distance traffic, moving within a distance range of about 100 miles.

The following are some of the industries affected by the higher freight charges resulting from the changes introduced in 1948. Steel, Cement, Sugar, Paper, Chemicals, etc. We have been informed in case of Cement Industry a factory was established in Sika, Saurashtra. Many facilities were

offered to it by the then Jamnagar & Dwarka Railway particularly they were offered very cheap freight rates on raw materials but these rates were increased when that railway was merged in the Saurashtra railways. Similarly in case of other industries the new rates are more than double the old ones.

Q: 2. If our rate structure is to have a desirable measure of flexibility, a high level Committee of the Railways should have enough discretion to enable it to experiment with rates with a view to assisting and developing traffic. The freight rate should not be viewed purely from revenue point of view.

Q: 3. The present 16 classes and 11 wagon load scale though quite comprehensive need re-classification and regrouping on a more rational and simplified basis. The commodities should be regrouped on a more scientific and rational basis as under:—

1. Food, cattle fodder, fuel, fertilisers
2. Raw materials for industries
3. Semi-manufactured articles
4. Manufactured goods
5. Exportable commodities.

The rates to be applicable to each class should be decided in accordance with the accepted principle of the value of the goods and the capacity of the traffic to bear the class rate.

Committee feel that special low rates should be fixed for

- (i) Nascent industries for the movement of essential raw materials and fuel and distribution of finished products.
- (ii) New industries to be started in under-developed areas in order to make effective use of power that may be generated from the hydro-electric projects that are being developed; and
- (iii) export industries for moving goods from producing centres to ports.

This question should be thoroughly examined by an expert committee represented by various interests such as railways, ministries of agriculture, works and mines etc. and different commercial and industrial interests.

Q: 4. Under the present freight structure a maximum rate has been fixed for each class rate, for 2 of the wagon load scales out of 13 and for the coal scale. This implies that beyond a distance of about 1,500 miles no charge is made for the transport of commodities covered by them.

It is suggested that the cost and return should be viewed over the railway system as a whole. If a maximum rate has been fixed for all classes for some wagon load scales and for coal it may be desirable to have this position extended to the remaining wagon load scale also particularly food, textiles etc.

Q: 5. *The terminal charges* which generally are collected are meant to cover up out-of-pocket expenses incurred by railways on the provision of terminal facilities. No body

will have any objection to this but for the uniform charges charged on all commodities without regard to the extent of services performed. In case of bulk movement of raw materials, charges should be less because in many cases the loading and unloading is done by the customers themselves, the wagons arriving at the terminal station being moved straight to the factory siding without the railways being called upon to perform any such duty as unloading, taking care of the goods, storing them in covered space etc. At present there are three kinds of terminal charges (1) Standard terminal charges; (2) Where rebate is allowed for loading and unloading not done by the Railways; (3) Reduced terminals on coal.

The condition under which coal movements take place are almost identical to those governing bulk movements of industrial raw materials therefore the rates for such raw materials should also be concessional as in case of coal.

**Short distance charges**—When the basis of freight was flat rate varying with the mileage there was every justification for the levy of additional charge on the traffic moving only over a short distance. But this justification has totally disappeared with the introduction of a telescopic system of charge which itself provides for a relatively heavier burden on the unremunerative part of the traffic. In the telescopic system the gradation and scale are deliberately loaded against short distance movements and there is no need for any additional penalty like the short distance charge. It should also be borne in mind that the wagons used over the short distance are mostly for bulk movements of raw materials and are open and old local ones and largely of a non-poolable type and comparatively their earnings should be greater than from other commercial traffic when loads are uneven and uneconomic. It is therefore felt that there is no need for the short distance charge which should be done away with in its entirety and that the terminal charges should be collected only in direct proportion to the terminal facilities provided by the Railways.

**Transshipment charges**—No object can be raised against these charges but it may be suggested that the expenditure incurred by the railways in transshipment could be reduced considerably by the use of mechanical means instead of manual labour. This will reduce the cost and time lost in the transshipment process and it will increase the efficiency also.

Q: 6. As for the suggestion of raising the distance unit of one mile for the long distance charges it is suggested that the policy followed in case of coal may be extended to other commodities like crude ores, earth sand, grass etc.

Q: 7. No alteration be made in the minimum distance of 20 miles instead minimum distance charges should be brought down. This will benefit the industries.

Q: 8. Empty haulage charge is a legacy of the past which should be abandoned on the introduction of the revised rating structure.

Q: 9. In case of determining the rates the commodities should be re-grouped on a

more scientific and rational basis as mentioned in our reply to Q: 3.

Q: 10. It is suggested that the inexplicable instance of classification must be re-examined and corrected if possible without detriment to the prosperity of trade and industry and the overall revenue position of the railways. Further the rates should be on a scientific basis and in accordance with what the traffic can bear. Freight on raw materials and semimanufactured goods should be lowered.

Q: 11. It is a known fact that the cost of moving traffic in wagon loads is smaller than moving traffic in smalls. Therefore, the rates for the same commodity for carrying in smalls and wagon loads should be proportionately lower than rates for smalls. It is suggested that traffic in wagon loads should bear at least a 10% lesser charges than small traffic or if the commodity is placed in the 8th class for smalls it should be placed in the 6th class for wagon loads. Similarly the whole train loads moving from one station to another be given a 20% discount in the charge for smalls.

Q: 12. There is no justification for the minimum charges for consignments in wagon loads at Rs. 1-12-0 per ton on the carrying capacity of the wagon.

Q: 13. In view of smalls yielding smaller wagon mile revenue than traffic in full wagon loads railways are quite justified in charging Re. 1/- as a minimum charge for consignment for smalls. It may be increased to Rs. 2 per consignment instead of varying it with the class of commodities.

Q: 14. Under the present circumstances the present minimum weight of seven seers for small consignments may be maintained.

Q: 15. Under the present circumstances there is no necessity to change the present system because there is no effective road competition at present.

Q: 16. In principle there would be no objection to an upward revision in the weight but care must however be taken that the limit is well within the actual capacity of the wagons and that it will not entail any additional burden on trade and industry.

As regards the suggestion that the present class rates be adopted for wagon loads and that an extra charge be levied for smalls, this cannot be accepted without a detailed examination of the present pattern of traffic.

A reduction in the rate increase where goods are loaded beyond the minimum weights per wagon can, however, be supported with a view to assisting the railway in the fullest utilization of the available wagon space.

Q: 17. As for the suggestion for the introduction of train load rates as a feature of the railway freight structure in addition to the existing three types of freight rates it is felt that since such a rate is in existence everywhere, there is definitely some advantage in this system. Traffic in train load is cheaper and easier to handle than traffic in wagon-load. There is the elimination of the sorting of wagons and marshalling trains; there is the saving in engine costs as pick-up en-route is obviated.

There is also saving of costs due to through running.

One point that needs to be carefully considered in this connection is the need for asking special efforts to supply empties for traffic that generally moves in train loads. A stray supply of wagons may not cause any empty running as such supplies are not difficult to make, but when it comes to a fixed, regular supply of 30 to 40 wagons for a block rate, there is bound to be a heavy movement of empties. It will accordingly be necessary to provide in the train-load rate an adequate margin to cover the cost of supplying empties in block rates. One point is worth considering in this respect and that it is quite impossible that traffic in one direction can be balanced by an equal volume of traffic in the reverse direction and some empty running of wagons may be unavoidable.

Q: 18. Such express service will be welcomed by trade and industry as this facility would cut down warehousing costs and release finance, since merchants who are sure of deliveries need not carry large stocks in their godowns. It is also advantageous to railways because wagons will be released speedily.

Q: 19. The supply of cranes is a normal feature and it should not be difficult for railways to locate mobile cranes. Railways will be justified in charging a reasonable charge for such services. It should not, however, be introduced with a view to profiting but it should be just to cover up the cost.

Q: 20. This is a fit case where economic aspect should be ignored and it should be looked at as a social service. The condition under which live-stock is now carried on the railway appears to be far from humane. The number of animals loaded in a wagon should be lower. Railways should not mind any loss incurred by them.

Q: 21. The argument that the short distance traffic is unremunerative is quite inconceivable. It may be costly but definitely not unremunerative. Even with the introduction of telescopic system of charges the arrangements of legs and the variation in the scale together with the specific additional imposts the rates are so unsystematic that the motor transport even though heavily taxed and with bad roads is able to compete with the railways, particularly in the zone of 150 to 200 miles. Short distance traffic is, therefore, bound to be lost to road transport, particularly when National High Ways and Roads are developed.

Further, the Railways apart from being an internal means of communication, are also capable of being used for the development of industries within a country as well as of the country's seaports, overseas commerce and shipping.

It is common knowledge that during the British regime, the Railways in India had adopted a system of Preferential Railway rates which enabled foreign manufacturers to compete successfully with Indian manufacturers and obtain raw materials from India at cheap rates. A reversal of the system now would greatly help Indian industries.

By the adoption of a policy of preferential railway rates, the Railways can also help

provide increased patronage to Indian vessels operating in the overseas trade in view of the fact that the sea transport is an extension of the railway system which moves our exports and imports to and from ports from and to various points in the hinterland. Such a policy of preferential Railway rates has been adopted in various maritime countries at some time or the other for the development of their seaports and overseas shipping.

In the United States of America, according to an official publication 'General supervision of rates, fares and charges on American railroads in interstate and foreign commerce is vested in the Interstate Commerce Commission which is empowered in its discretion and on examination to fix joint (rail cum-sea) rates for export and import trade of which the railroad proportion may be lower than the railroad rate to or from a terminal sea port.' Such favourable railroad rates for the export and import trade would, according to the Merchant Marine Act of 1920, be allowed only when the ocean transportation is by an American vessel. According to another authority, it is quite common to find in the U. S. A. manipulation of Railway rates to help American Industries by means of low rates on certain materials needed from abroad as well as on certain manufactured goods exported to foreign markets.

Preferential railway rates have been in force in France on goods going to foreign non-European countries provided such goods were carried in French vessels. Manipulation of Railway rates have also been made for the purpose of fostering certain local industries or the shipment of commodities into or away from France, as well as to promote the interest of French ports as against foreign rival ports.

Preferential railway rates have been adopted in Austria to enable Austrian industry to compete with a similar industry abroad which was more advantageously situated. Special Preferential Railway rates were also adopted in Belgium which contributed to the enormous increase in the shipping trade of the country's ports, Antwerp.

Special railway rates have been adopted in Germany to promote the growth of German agriculture and industry to enable German products to compete in German markets with the imported commodities; to foster the commerce of German centres particularly the seaports, in the face of competition by foreigners; to build up German railway and water transportation which was always under the stress of competition from the French, Belgian and Dutch carriers and to add to German share in the passenger carrying trade between the countries of Europe and the U.S.A. Through the use of export subsidies, preferential railway rates and exchange control, the German Government has also been in a position to favour German export industries and shippers without interfering with the usual ocean rate-making practices. Thus one of the greatest agencies in the promotion of German shipping was the German State Railway system.

It is thus seen that preferential railway rates have been a normal feature of Railway policies in various maritime countries,

used for assisting industries within the country as well as the development of sea-ports and national shipping. As Indian shipping is presently operating to a limited extent only and in a limited number of trades in the overseas sector, and stands in need of assurance of adequate patronage to enable it to expand, it is suggested that a policy of preferential railway rates for commodities shipped by Indian vessels be adopted in India to achieve this end.

Q: 22. There cannot be any comparison between short distance freight rate of railways, road transport or waterways in India because our waterways or road transport are not yet developed to that extent whereby they can offer effective competition with each other. What is needed in India is a better co-ordination between these modes of transport. As most of the raw materials or bulk transport is carried by railways they should see to it that they do not tax the industry or trade exorbitantly.

Q: 23 & 24. Nil.

Q: 25. For the present it is not advisable for the Indian railways to venture into this new field of freight pool because India is not a very highly developed and organised country. Instead, railways should give other amenities like warehouse facilities etc.

Q: 26. It is now an established practice all over the world that railways fulfil their role of fostering the social, economic and cultural aims of the country. Indian railways should also stick to these aims and not to surplus budgets. Now that the whole economy is geared to the achievement of certain targets; Railways should look to the aspirations of the country rather than to the profits.

Q: 28. Even after the introduction of scientific rating structure, demand for station-to-station rates will never disappear. In many cases requests are genuine and refusal on the part of railways to give any concession in rates in such cases causes great frustration and hardships to new industries. Cases are reported where discrimination is made by railways in granting such concessions. *e. g.* A cement factory in the private sector was refused concession in the rates for carrying gypsum from its source to the factory but a fertilizer factory in the public sector was charged special rates to carry the same raw material in spite of the fact that the wagons used by the fertiliser factory returned empty. In case of cement industry both way traffic is always available and still they are refused the concessional rate.

Q: 29. The introduction of the telescopic rate on continuous mileage basis was thought to provide benefits to industry and trade but in reality the rates are so fixed as to give a little higher return to railways than what they were getting in the past. Further, the class rates and wagon load scales are so arranged that they nullify the benefits the telescopic rate system is intended to offer to industry and trade. The Committee want to point out here that the increase in volume of traffic does not mean necessarily that industry and trade have taken this rise in rates easily. It is because

there is no other alternative they have to patronise railways.

Q: 30. There is a provision for station-to-station rates in the present railway tariff but hardly any industry is given the advantage of it. Presence of these rates show that railways are alive to the present needs of the country which is just embarking upon industrial revolution.

At one time, it was felt that it was not the responsibility of railways to further the international trade but in the opinion of the Committee, the railways who are now nationalised should assume this responsibility and help in the national-building activities. They may also quote lower rates on export traffic than on internal movements.

Q: 31 & 32. Nil.

Q: 33. Our view on some of the enquiries is already expressed in some of our replies earlier. In a country like ours with its economies still under the process of planned development and where distances are great, railways should not consider the freights as the price for selling transport services. They should consider the problem very broadly. They should consider the problem in such a way as will answer the needs of our planned development.

Q: 34. This is a very difficult question. Generally railways cover their costs as a whole. In the beginning, the new line may be unremunerative due to high costs of construction arising out of artificially inflated prices. But this is a temporary cause and not a permanent one. Railways do not reduce their charges considerably on old lines where full depreciation has been recovered by now. Further, there is a great difficulty in arriving at the exact cost and to evolve a formula to recover it from the users of that line. The Committee, therefore, is opposed to charging on the basis of inflated mileages.

They also feel that profits should not be the main consideration but administrative convenience, opening up of undeveloped areas, welfare of the public and the strategic importance should also be other considerations.

Q: 35. Nil.

Q: 36. The railways are considered to play a very important role in the development of a country. In a democratic set up they are expected to provide transport at the minimum cost. They should not be considered as a commercial organisation created to make profit. On the contrary, they are to be utilised as instruments of national progress and to assist in the industrial and economic development of the country.

The freight rate policy should therefore be so adjusted as to provide reduced rates for the movement of raw materials and fuels for the development of new industries. At the same time, they should not be run at a loss. Freight should certainly cover working expenditure, interest charges on the capital borrowed and the depreciation charges. They may also cover the contribution to the reserve fund but after having provided for all these charges, they should not cover any extra profits.



The developmental expenditure should be met exclusively from outside borrowings and it should not have any burden on freight structure.

The borrowings can take the form of issue of long term bonds and debentures or loan duly guaranteed by the Government raised inside or outside the country. They may be redeemed out of the enhanced income accrued out of increased traffic.

Q: 37. As it is the policy of the Government of India to encourage small and cottage industries, railways should give them preferential rates but it will be unfair to do so only in certain cases because those industries are already subsidised by the Government. Committee, therefore, suggests that there should be all round cheap transport facilities for industry in general.

Q: 38. The industries, the prices of whose products are fixed are unable to get their prices revised along with the variations in the freights. Many a time, the effect of reduction in costs due to improved methods is more than offset by variations in freights affected by railways. It is suggested that railways should adopt commercial principles and should fix some ceiling prices after taking into account all the factors that affect the prices of various commodities.

Q: 39. As reported, the only commodity that is carried at less than cost is coal. Railways have made suggestions that the rates for carrying this commodity be brought to the same level as shipping freights but the Committee is of opinion that they should not be touched at present. It is a sound principle that essential raw materials which are used by many industries should be carried at as low a rate as possible. The freight rate should bear a relation to the value of commodities carried instead of as any abstract conception of average cost.

Q: 40. It is wrong to suggest that during the Plan period only low rated traffic will move. As the volume of traffic of manufactured goods is also bound to increase and as it is a high rate traffic, it will contribute handsomely to the railway revenues. Railways should not worry about any deficit in the initial period due to low rated traffic. It will be fully compensated by surpluses at a later stage due to the increase in high rated traffic.

Q: 41. A flexibility in the freight rates is sometimes beneficial to the trade on occasions where there is any adverse effect on it as a result of fluctuations in international market but this is not always advisable. The trader will feel insecure if his calculations go wrong as a result of frequent changes in freight rates. While fixing prices he has already taken into consideration factors like freight, storage, charges etc. If therefore there is going to be change in freights every now and then, then he would not be able to fix anything in advance. It is therefore advisable to keep the freight structure as stable as possible. Only in cases of emergency caused by sudden adverse change in international conditions rates may be varied to offset such a set back and only after proper notice to the interests concerned.

Q: 42. With the attainment of independence and finalisation of the First Five-Year

Plan, there has been definitely an increase in the traffic. Though in the beginning they had to carry low rated traffic soon they will be getting high rated traffic which will compensate them more than enough for their earlier losses.

With the increasing tempo of industrialization and with the development of new areas by the establishment of steel plants, machine tool factories, fertilizer factories, cement factories, etc., the pattern and the volume of traffic is bound to change.

Q: 43. There is no indication to show that railways have played any important role in the location and development of Indian industries. In fact, there is all along agitation for relating the freight structure to the needs of trade and industry. Growth of Bombay as a textile centre and Delhi as an industrial zone are instances of railway blindness to the overall interests of the country but having allowed the industries to grow in these areas railways should now help them to foster.

A doctrinaire approach to the question of railway is fatal. It should be arranged with great vision and thought and should be flexible to adjust itself to the changing conditions.

Q: 44 & 47. It is said that the agricultural development in India is hampered because of high incidence of freight. Without going into details in this case, Committee feel that railways can play their due role in the development of agriculture by providing proper facilities like warehouses, quick transport etc.

Q: 54 & 55. In India railways constitute the overwhelmingly major part of transport in the absence of well developed road and water transport. Road transport under the present circumstances is unable to compete with railways owing to heavy taxation. Further very few roads can be called pucca roads which can be used throughout the year. Water ways are completely neglected. Under the circumstances, therefore railways are the only means of transport on which industry and trade have to depend. Realizing this position railway should take up their responsibility of providing adequate and cheap transport.

Though the financial consideration is important in fixing freight rates, that should not be the only guiding principle. There are other equally important considerations, *e. g.* the strategic needs of the country, carriage of foodstuffs at concessional rates in times of famine, priority for the movement of troops in times of war, etc. At present when we are thinking in terms of Five-Year Plans railways have a vital role to play. A lower freight rate in industrial raw material may greatly serve to stimulate large scale development of various industries. Any loss incurred on this account can be made up by carrying finished goods when industries develop.

The rate structure should be flexible in order to accommodate the demand of new and basic industries. They require concessional rates in the beginning which railways should be able to offer.

As for the Railway Rates Tribunal it is suggested that it should be a court-of-Appeal free from any bias. No part of freight policy

should be placed outside its jurisdiction, and it should tour and have cases at places where parties concerned may find it convenient to attend. Decisions of such Tribunal should be given wide publicity so as to make

known to the public the facilities available to them in this matter. Offices should be located at important business centres like Calcutta, Bombay, Madras, Delhi, Hyderabad, etc.,

## All India Non-ferrous Metalware Manufacturers' Association, Bombay.

### PART I-A.

Q: 10. It is strongly recommended that serious consideration should be given to place Aluminium in the same class as

Brass and Copper. At present the classes are as follows :—

	Railway Risk.	Owners' Risk.
Brass and Copper ingots and slabs	4	...
Brass and Copper scrap	3	...
Brass and Copper sheets and rods	5	...
Brass and Copper wares	9	8
Aluminium metal	8	...
Aluminium scrap	7	...
Aluminium wares	13	12

From the above it will be seen that Aluminium is in much higher classes than Brass and Copper. The reason for this would appear to be that, prior to the last war, Aluminium was three times costlier than Brass and Copper, i.e. Aluminium utensils cost Rs. 1/2/- per lb. as against Re. 0/6/0 per lb. for Brass utensils. Such is not the case to-day. The price of Brass and Copper utensils is now as much as the price of Aluminium utensils, the cost being in the range of Rs. 2/- to Rs. 2/2 per lb.

Aluminium is a necessity of the poor man and is preferred by him to Brassware and Copperware. The Annual production of Aluminium ware is in the vicinity of 10,000 tons and over fifty per cent. of this production moves on the Railways throughout India.

It is therefore earnestly requested that the present differentiation in the classes be removed by placing Aluminium in the same classes as Brass and Copper.

## The Ahmedabad Millowners' Association,

Ahmedabad.

### GENERAL

1. *Appointment of the present Committee and Background :* In view of the heavy impact of the new rate structure and the change in economic conditions, the commercial community all over the country demanded early

review of the rate structure and refixation of rates and charges. The Railway Board, however, adopted an uncompromising attitude in the matter, arguing all along that the rate structure had no adverse effect as the

traffic moved satisfactorily. That, along with the simplification of the rate structure, there was increase in the rates was admitted by the Railway Board, but they tried to justify it on the ground of increased expenditure of Railways and in comparison with the general index of prices. At the time of last Railway Budget, the Railway Minister referred to the question of rate structure and announced Government's intention to appoint an Enquiry Committee. The present Committee is set up by Resolution dated the 29th June 1955.

**Background.** The present rate structure was evolved as a result of investigation made by a Departmental Committee. The main objective of the investigation and subsequent revision of rates was simplification and rationalisation. But the Railway Board took the opportunity to increase the rates and charges to secure additional revenues. The following extract from Railway Board's reply to the Federation of Indian Chambers of Commerce and Industry is worth noting in this context :—

"It is not understood what the Federation has in view when they talk of the class rates having been upgraded in the name of rationalisation. Standardisation and Rationalisation of rates has, of course, been the main objective, but along with it opportunity has naturally been taken to increase the charges to a small extent found necessary to secure additional revenues for meeting the rising cost of working the Railways."

**2. Scope of the present enquiry. Analysis of terms of reference and Government's Resolution.** My Committee are glad to note that the Government of India are aware of the need to revise the present rate structure in view of its adverse impact on Industry and Trade. This is implied from the Railway Minister's Budget Speech 1955-56, paragraph 59 and the preamble to Government's Resolution dated the 29th June 1955 setting up the present Committee. But as the terms of reference indicate as also the above referred Government's Resolution, the revenue consideration has outweighed all other aspects, since the inquiry is circumscribed by two factors viz.,

- (i) needs of a developmental economy; and,
- (ii) necessity for maintaining the financial stability of the Railways.

Although not clearly stated, Government's intention seems to be to raise additional revenue by revising the freight structure in order to meet the development programme and prospective increase in working expenses. This implication is corroborated by the Railway Minister in his Budget Speech for this year, while proposing adjustments in freight rates.

Whatever may be the intention of the Government in setting up the Enquiry Committee, it is beyond doubt that the present rate structure has adversely affected Industry and Trade of the country. The burden is excessive in some cases. My Committee, therefore, strongly urge the Enquiry Committee to give special consideration to such cases and to recommend adequate relief. If, however, the Enquiry

Committee are to be solely guided by the limiting factors referred to above and proceed with their inquiry accordingly, my Committee are afraid that the scope of the inquiry will be very limited which might result in injustice being done in even deserving cases, since recommendation for modification in freight rate for any commodity or the level of class rates would naturally involve some loss of revenue to the Railway. A journal has aptly observed in this context.

"If the enquiry Committee is to render literal justice to the principal term of reference which enjoins that the twin objectives of developmental economy and financial stability of railways must be simultaneously protected, probably maintenance of the *status quo* will be its inevitable verdict."

My Committee feel that the whole problem of rates policy and rate structure should be considered and examined in the larger interest of Trade and Industry of the country. They, therefore, urge the Enquiry Committee to make their recommendations keeping in view the fundamental object of granting relief to the Trade and Industry of the country.

**Interim recommendations :** As the question of freight structure is of vast magnitude requiring collection and consideration of factual and statistical data in respect of a large number of commodities and industries, the Enquiry Committee will take considerable time to complete their findings and make recommendations. Till their report is submitted to and considered by the Government, consideration of cases requiring urgent relief will have to be postponed. My Committee, therefore, request the Enquiry Committee to make *interim* recommendations in respect of important commodities like coal, cotton, cotton piece-goods, etc. which require urgent consideration and grant of relief.

**Other functions assigned to the Enquiry Committee.** Correlated with the question of freight structure, there is the subject of responsibility of the Railways as a carrier of goods and the working of the Railway Rates Tribunal. The Enquiry Committee is also entrusted with the task of examining the working of Railway Rates Tribunal, its powers and functions in order to make it an effective instrument for adjudicating freight matters. Railway Rates Tribunal is established under the Indian Railways Act and Sections 34 to 46-C detail the provisions regarding its powers, functions, jurisdiction, constitution, etc. Its Head Quarters are at Madras at present. During its career of 4 to 5 years, only a limited number of complaints have been filed. This is taken by the Railway Board as an indication that the present rate structure is satisfactory. This is not the correct position. There are various reasons why only a limited number of complaints are being referred to the Tribunal, some of the main reasons being, excessive cost of litigation, limited powers and functions of the Tribunal, ignorance about working and functions, lengthy procedure and the distance. These are some of the factors which are responsible for the limited references to the Tribunal. We will, however, discuss this question in detail separately.

The Enquiry Committee is also required to examine the statutory provisions regarding the responsibility of the Railways as carrier of goods. The relevant statutory provisions are Chapter VII of the Indian Railways Act. Chapter VII deals with provisions relating to the liabilities of Railways for loss or damage to goods and the manner and methods of payment of compensation for claims. This will require detailed examination and we shall do so separately.

**3. Brief History of Rate Structure.** Before the Railways were brought under one Central Administration, commodities were divided into about 16 categories and the maxima and minima were fixed within which Railway Companies were free to alter the rates. The basis of charge was the flat or the horizontal rate. Simultaneously with these class rates, various special and station-to-station rates were also adopted. These rates were more or less concessional charges, fixed on various considerations. Some rates were intended to encourage development of particular industries in certain areas, while in some cases, they were fixed to encourage movement of certain commodities especially raw materials, which would not have been economical unless concessional charges were given. Under this system, the different Railway Administrations charged different rates for the same commodity. This naturally created some difficulties. Sometimes favourable rates were also provided for import of finished products and for export of raw materials.

The business community demanded simplification of the rate structure and this was desirable and necessary. The question was examined by a Departmental Committee of Railways called the Standing Advisory Committee (Post-War Rating) during 1945-48. On the basis of the Report of this Committee, the present rate structure was introduced from October 1948. Under the new structure, telescopic class and wagon-load rates were introduced in place of the flat or horizontal system of rates. With the introduction of telescopic rates, most of the station-to-station rates were abolished. The commodities were re-classified and in many cases they were upgraded. The new rate structure adversely affected the Trade and Industry of the country inasmuch as it resulted in increasing the charges. The revision was made for the purposes of simplification and rationalisation, but in actual effect there was general increase in the rates. The classification was upgraded, the rates were enhanced and rebates and concessions were withdrawn. The cumulative effect of all these changes was a substantial over-all increase in freight charges in case of certain important commodities like coal, cotton, cotton piece-goods, etc. The new structure had further an adverse effect on the short-distant traffic and freight cost of raw materials like cotton increased considerably.

The new rate structure upgraded and increased the class rates as can be seen from the following comparative table:—

OLD		NEW (from 1-10-1948)	
Class	Pie per Md. per mile	Class	(For the first 300 miles) pie per Md. per mile
Spl.	0.34	1	0.49
1	0.38	2	0.54
2	0.42	3	0.58
2A	0.46	4	0.63
2B	0.50	5	0.68
2C	0.54	6	0.73
3	0.58	7	0.78
4	0.62	8	0.84
4A	0.67	9	0.90
4B	0.72	10	0.97
5	0.77	11	1.04
6	0.83	12	1.11
6A	0.89	13	1.18
7	0.96 }	14	1.41
8	1.04 }	15	2.11
9	1.25 }		
10	1.87 }		

This will at once indicate that simplification was not the sole purpose of the revision but it was an allround and deliberate attempt to increase all rates irrespective of trade conditions and without any consultation with or confidence of Trade and Industry.

**4. Operation of the new structure and subsequent developments.**—The new rate structure came into operation from October 1948. The effect of increased rates was immediately felt by the Industry and Trade. Government,

however, further increased the rates of some commodities in subsequent years in some *ad hoc* manner. Coal is a relevant example. With the revision in 1948, there was some increase in the coal freight, as compared to 1947 position and the war-time sur-charge of 20% was absorbed in the new rate. This revised rate was further increased by 30% from April 1952 and simultaneously with this last increase, the rebate of 12½% in coal freight allowed to textile and some other industries was withdrawn. So

far as the Textile Industry is concerned, coal freight has increased considerably

during recent years. This will be evident from the following comparative figures :

*Comparative Statement of Coal Freight Rates.*

Colliery Field	Freight rate in 1947	Freight rate from October 1948	Freight rate from April '52
Miles	Rs. a. p.	Rs. a. p.	Rs. a. p.
Bengal 1171	11 11 0	15 8 0	19 14 0
C. P. 575	7 9 0	10 11 0	13 6 0
C. I. 785	9 2 0	12 8 0	15 12 0
	Plus 20% increased charge Rs. 1-4-0. Cess charge. Re. 0-6-2½. Loading charge.	Less 12½% rebate plus Re. 1-0-0 Terminal Tax Re. 0-12-2½ Cess charge.	Plus Re. 1 terminus tax and 0-12-0 Cess.

It may be noted that as a result of frequent revisions, coal freight rate has become nearly double the pre-war rate in case of

mills in Ahmedabad as will be evident from the following figures :

Colliery Field	Pre-war freight rate per ton	Present freight rate per ton	Percentage increase
	Rs. As. Ps.	Rs. As. Ps.	
Bengal	11 11 0	21 10 2½	85.00%
	11 11 0	22 5 2½	90.9 %
C. P.	7 9 0	14 15 0	97.5 %
	7 9 0	15 2 0	100.00%
C. I.	9 2 0	17 8 0	91.7 %
	8 12 0	17 0 0	94.4 %

This very considerable increase in the freight rates has reacted favourably with Railways but most adversely with the Industry and Trade.

When the new rate structure was introduced in 1948, some special rates and concessions were continued, but subsequently they have been withdrawn without any proper justification. The case of imported cotton from Bombay to Ahmedabad is relevant. The special rate for cotton from Bombay to Ahmedabad was cancelled from 1st April 1951 by the B.B. & C.I. Railway on the ground that

"Ahmedabad should be served by the nearest Port, viz. Bhavanagar Docks according to the policy of Government of India" and the ordinary tariff rates were made applicable and this made no allowance for the conditions which obtained at both Ports in the matter of port charges, availability of wagons, etc. This is an instance of sheer injustice to the Trade and Industry. We shall examine the question of freight rate of imported cotton in greater detail in succeeding paragraphs but a comparison of the two rates at this stage will be found interesting :

	Special Rate as on 31st March 1951	Tariff Rate applied from 1st April 51
	Rs. As. Ps.	Rs. As. Ps.
Cotton (Raw) Full Pressed	1 0 5	1 7 1
Cotton (Raw) half pressed	1 4 0	1 14 0

5. *Functions of Railways, its role in the economic and Industrial development.* Indian Railways being State owned are a national undertaking. It is an exclusive means of transport carrying 80% of the traffic. With

the political integration of the country and subsequent regrouping and re-organisation of Railways, it has evolved as a well-knit system of transport and communication. As a national undertaking, its primary function



is to provide transport at reasonably cheap rates to the Trade and Commerce of the country. The rate structure should be so framed as to discharge this function, *viz.* to provide transport to the Industry and Trade of the country at cheap and reasonable rates and charges. Railways are, of course, entitled to raise revenues to meet the cost of the service; but while framing the rates policy and the freight structure, revenue should not be the sole consideration. The structure of rates should be evolved in a manner so that the commodities are charged to the extent to what they can bear at an advantage. The principle of what the traffic can bear is an important one and should be strictly adhered to and kept in constant consideration while framing rates and charges for various commodities. What the traffic can bear is a wider expression comprising so many factors and elements such as cost of the commodity to the consumer, its national importance, increase in utility value by transport from the area of production in consuming area; its general price in all parts of the country, etc. We shall examine and discuss this aspect when we shall consider the principles of rating.

There is another important function assigned to the Railways. They are recognised as a potent instrument to foster the economic and industrial development of the country. Railways have to discharge this function by providing a system of transport to certain industries and branches of trade, with special rates and concessions for their development at economic level. Even under the Company management this function was well-recognised and implemented in all deserving cases. This is an essential function of the Railways and if it is not implemented in all proper cases the progress of industrialisation and economic development of the country will be hampered considerably. If the Railways have plans to augment their transport capacity in order to meet the increased traffic, these plans of development should be executed by some other means, without sacrificing or doing injustice to the two essential functions, *viz.*, (1) providing a system of transport to the country at cheap and reasonable rates, (2) a rates policy conducive to the industrial and economic progress by providing special rates and concessions in all deserving cases.

6. *Railway Rates Policy—Principles and Considerations:* So far there has been no systematic attempt to study the intricacies of Railway Rates and evolve a 'National Policy' consistent with the economic interests of the country. As we have already indicated, the bulk of the goods traffic is carried by the Railway. In view of the scope and importance of the Railways, the Rates Policy has a vital influence on the development of the industry and trade. The question of passenger fares has remained under constant watch and attention of the Government and the Legislature, but freight rates have not received due consideration. The first attempt towards systematisation of the freight structure was apparently made at the time of revision in 1948. It was, however, more or less in the direction of simplification, just to remove much of the existing confusion. But it was not a real attempt for evolving a national rates policy to serve the economic interests of the

country. (Really speaking, it was a successful attempt to considerably augment Railway Revenue). It is claimed that this revision was made on 'commercial principles'. But it must be pointed out that these so called principles may be considered 'commercial' only in the sense that the structure based on them has fetched more revenue to the Railway. It is, therefore, essential that the Railway Enquiry Committee should enunciate principles which would govern and control a national rates policy.

We may now examine some of the important principles and basic considerations which should go to form a national rates policy. It is not necessary to enter into theoretical discussion of the subject, but we shall confine ourselves to some practical aspects of the problem. No one can deny the need for the Railways to earn adequate revenues with a view to meeting the cost of service. At the same time, it is equally essential to see that the incidence of rates does not hinder but on the other hand promotes the capacity of industries and further develops Indian Trade internally and externally.

Another important principle is that special rates and concessions for specified commodities should form an integral part of the rates policy, in order to assist the economic working and progress of Industry and Trade. The statutory provision under the Indian Railways Act, *viz.* Section 28 should be modified or altogether deleted. As we have suggested in a later paragraph, in case of a commodity like coal, concession or rebate over certain mileage should be provided in order to make the freight cost bearable by industries located in remote places from coal fields.

Next important principle is that the rates and charges should be reasonable. 'What the traffic can bear' is a vital consideration and basis for a national rates policy. Because there is sufficient and satisfactory traffic in a certain commodity, it should not be taken as a testimony for the reasonableness of the charge for that commodity, since the fact is that transport capacity and availability, often fall short of the traffic requirement. The Railway Board have often argued that the charges for a certain commodity are reasonable in view of satisfactory traffic of that commodity. This argument will be found to be wholly misleading, if it is borne in mind that the Railway is the only method of transport available. As we have already pointed out, for proper observance of this principle, the condition of the Industry and Trade concerned and the effect of the freight charges of the commodity should be thoroughly investigated.

In this context, the following observations of the Committee of the Federation are relevant:

"The fact is that the outlook of the Railway Administration in regard to rate structure is largely circumscribed by the financial implications of any revision. No doubt, the Railways should be financially strong and nobody would like to see this national enterprise to be bankrupt, but that should not preclude the Railways from undertaking their due responsibility towards the economic

development of the country. Adjustment of rates calculated to increase the economic tempo might not in the short run be attractive to the Railway Administration; but it has to be borne in mind that in the long run an imaginative and bold policy will more than repay the Railways by increased revenues."

The Committee of the Federation are of the emphatic view that a healthy rate structure has to take into account certain basic considerations:

1. It should bring revenues to the Railways to meet their operating costs including depreciation and reasonable reserves.
2. It should be such as to encourage economic development and create opportunities for Railways to make progressively larger earnings through increased volume of traffic. In other words, developmental rates should form an essential feature of a healthy freight structure.
3. The goods should be moved within a specified time; that means, the performance of the railways should be reasonably efficient.

It is also their considered opinion that a reclassification of goods and adjustment of freight rates will not cripple railway earnings. On the other hand, adjustments sought to encourage the development of industries will in the long run enable the railways to have more revenues."

Before we conclude this part of our discussion, it is relevant to make some observations on the present classification of commodities. Although the Railway Board

have claimed that the present structure and classification are evolved after prolonged investigation, the classification is not exhaustive. It appears from the various references made to the Indian Railway Conference Association that there are many items still which are not included in the present classification.

It may be added that apart from any other consideration and merits, rate structure should not be rigid but should be flexible enough to suit the needs of Industry and Trade.

Incidentally we wish to suggest that a practice should be established for consultation with the Trade Industry concerned whenever there is occasion to revise the freight rates of commodities. For this purpose a representative of the Trade Industry concerned should be given an opportunity to meet and advise the Commercial Committee when revision of freight rate of a commodity is under consideration.

*Present system of rates and charges:* Now we may take a brief note of the present system of rates and charges. The rates fall into three divisions as follows:

- (1) Standard Telescopic Class.
- (2) Standard telescopic wagon load scales; and
- (3) Station to Station.

(1) *Standard Telescopic Class Rates:* All commodities are grouped into classes numbering 15. The class rate is charged where no station-to-station rate is quoted. The following table gives the maxima and minima rates per maund and the basis of the standard telescopic class rates applied on a continuous mileage basis:

Class	Basis of telescopic class rates. Pie per maund per mile			Minimum pie per maund per mile	Maximum pie per maund per mile	Maximum rate per maund exclusive of terminals, transshipment & other extra charges
	For the first 300 miles	Plus for the next 300 miles.	Plus for distance beyond			
						Rs. As. Ps.
1st	.54	.45	.34	.16	.54	3 3 0
2nd	.59	.49	.38		.59	3 8 0
3rd	.64	.54	.42		.64	3 13 0
4th	.69	.58	.46		.69	4 3 0
5th	.75	.63	.49		.75	4 8 0
6th	.80	.68	.54	.20	.80	4 14 0
7th	.86	.73	.58		.86	5 4 0
8th	.92	.78	.62		.92	5 9 0
9th	.99	.84	.66		.99	6 0 0
10th	1.07	.90	.71		1.07	6 7 0
11th	1.14	.97	.76		1.14	6 14 0
12th	1.22	1.04	.82		1.22	7 6 0
13th	1.30	1.11	.88		1.30	7 15 0
14th	1.55	1.18	.94		1.55	8 11 0
15th	2.32	1.41	1.00		2.32	10 9 0

(2) *Standard telescopic Wagon-load scales :*

Wagon load Scale	Basis per maund per mile		Maximum rate per maund exclusive of terminals, transshipment & other extra charges which should be added
	Miles	For distance beyond	
			Rs. As. Ps.
W. L/A.	.25/100 + .20/300 +	.15	"
W. L/A. R.	.30/100 + .25/300 +	.20	"
W. L/B.	.48/100 + .32/300 +	.23	"
W. L/B. R.	.48/100 + .30/300 +	.20	1 14 0
W. L/C.	.34/150 + .31/150 +	.17	"
W. L/C. Q.	.36/150 + .33/150 +	.18	"
W. L/C. R.	.41/150 + .38/150 +	.24	"
W. L/D.	.38/300 + .26/300 +	.17	1 13 0
W. L/E.	.43/300 + .21/300 +	.15	"
W. L/F.	.43/300 + .32/300 +	.21	"
W. L/G.	.48/300 + .26/300 +	.19	"
W. L/H.	.48/300 + .35/300 +	.23	"
W. L/I.	.43/300 + .20/300 +	.15	"

**Terminals:** The following are the standard terminal charges :—

Eight pies per maund at each end, where the Railway is required to do the loading or unloading.

Six pies per maund at each end, where the owners of the goods are required to do the loading or unloading.

**Transshipment charges :** The following are the transshipment charges levied once only for each break of gauge transshipment of all description of goods traffic.

- Three pies per maund on all goods booked as smalls on goods to which the minimum weight conditions W/- and C/- apply.
- Two pies per maund on all goods booked in wagon loads to which the weight condition 'C.C.' applies or when, under Rule 70, the notified 'C.C.' condition is to be treated as a 'C' condition.
- Rupees four per 4-wheeled B.G. wagon and rupees two per 4-wheeled M.G. or N.G. wagon used at the forwarding Station in the case of goods charged at lump sum wagon rates.

The charges for 6-wheeled and bogie wagons are increased in the following proportions viz, bogies as for two 4-wheeled wagons, 6-wheelers as for 1½ four-wheeled wagons.

- Five annas per ton on coal, coke and patent fuel;

**Short distance charges :** A short distance charge of six pies per maund applicable once only, is levied where the aggregate distance for charge is less than 75 miles, subject to the differential rule as to distance.

**Unclassified goods :** Commodities not specified in the tariff are charged at the 15th class rate.

**7. Problems of Ahmedabad Textile Industry :** Freight cost is of special importance to the Textile Industry of this centre. Ahmedabad is situated in the interior region, remote from sea-ports and coal fields. There is a number of disadvantages which result from this situation, but the transport charges figure prominently and are of special consequence and concern. They are briefly stated as follows:

- Coal is to be procured from various distant coal fields involving considerable freight charges.
- This centre specialises in the production of finer counts and varieties of cloth which require foreign cotton. This is to be imported and brought from Port of Bombay, which involves considerable charges for transport from Bombay to Ahmedabad. The question of freight charges of imported cotton is of vital importance to this industry and it requires special consideration. There is a long history behind this matter and we shall deal with it in detail, while examining the freight charges for different items.
- Colours, Chemicals and Machinery are also imported through Bombay Port. Their transport charges also required consideration.
- Indigenous cotton is also consumed by mills of this centre and it is procured from surrounding cotton growing Districts. As we have already indicated, the short distance traffic has been affected adversely by the revision of 1948. It is also subject to a special charge, the combined effect of which is considerable enhancement in freight cost in case of items like cotton.

We have briefly indicated the problems of freight charges in respect of some important commodities and articles consumed by the Ahmedabad Textile Industry. The question of freight charges.

for transport of finished products, viz. Cotton Piece-goods from Ahmedabad is also of equal importance. Bombay State is a surplus zone in the production of cloth. Most of the production is to be marketed for internal consumption in different parts of the country. The freight charges have been considerably increased and in case of centres like Calcutta which constitute principal market for this centre, there is abnormal increase in the freight charges. These charges also require consideration in the interest of consumers, trade and industry.

In this context, it is most relevant to consider the comparative position of Bombay and Ahmedabad which are the two important centres of textile production. Bombay is a Port Town centre and is, therefore, at a comparative advantage; while Ahmedabad being situated in the interior region suffers various handicaps. It is most essential for Ahmedabad Centre to maintain parity of the cost of production with a view to keep the

prices of its products at competitive level. This centre has to bear additional freight cost on account of transport charges for Imported Cotton, Machinery and Stores. This additional freight cost has corresponding effect on cost of production, which in its turn affects the competitive position of the finished products. As we have already stated above, consuming centres like Calcutta are important markets for Cotton Piece Goods. The freight charges which are comparatively lower in case of Bombay has given further advantage to Bombay and this position has rendered it most difficult for Ahmedabad to maintain competition in important markets. It is, therefore, most essential to give some relief to Ahmedabad in the matter of freight charges for Cotton Piece-goods in case of important centres like Calcutta by providing special rates.

The following comparative statement of freight charges will support the case as stated by us.

*Comparative statement of freight charges in case of destinations Shalimar & Sealdah (Howrah).*

Destination	Forwarding Station	Miles	Rate per B. Maund			Percentage increase over 1939
			1939	1947	1955	
			Rs. a. p.	Rs. a. p.	Rs. a. p.	
Shalimar	Ahmedabad	1269	1 13 0	3 5 6	5 8 5	300.5%
	Bombay	1221	—	2 9 6	5 6 0	—
Sealdah (Howrah)	Ahmedabad	1333	1 13 0	3 5 6	5 10 9	313.4%
	Bombay	1349	1 2 9	2 11 3	5 7 0	—
		(1256 miles)				

To briefly sum up: The freight cost of coal and cotton is of special concern of the Ahmedabad Centre. Increased freight charges in case of Cotton Piece-goods also require consideration. It is most essential that relief is accorded to this centre in the freight cost of cotton and coal and special rates are provided for cotton piece-goods in case of important centres like Calcutta. This is warranted by the present financial and economic condition of the industry to which we will now turn.

8. *Present Position of Ahmedabad Textile Mills.* Freight cost constitutes an important element in the manufacturing cost of the industry. For a correct assessment of the extent to which the freight cost is bearable and the extent of relief required, it is necessary to know exactly the financial and economic condition of the industry. Under the Company Management of the Railways, this aspect of the problem was constantly watched, but under the Central Administration, although the Railway Board is aware of the adverse effect of the freight charges in respect of certain commodities on several industries, they have always kept in view the revenue consideration. Thus, when they abolished the special rates and made sudden increase in coal freight rate by 30%, they examined the proposal solely from the view-point of their income, without any regard to the fact that the increased coal freight would impose heavy burden on industries situated far from coal fields.

Whenever a representation is made to the Board, bringing to their notice the burden of freight and emphasising the necessity of relief, the Board puts forward the stock argument of 'preferential treatment', which according to the Indian Railways Act is not permitted. It is necessary to rectify this position. The Freight Structure Committee should make a specific recommendation for amending the Indian Railways Act so that the Authorities be empowered to give relief in deserving cases by way of special rates and concessions. For this purpose, it is necessary to restore the system of special rates. Wherever it is not feasible, an alternative method may be suggested viz. to give relief in form of a rebate in freight charges over certain mileage. This will not contravene provisions of Section 28 of Indian Railways Act which prohibits undue preference.

No doubt, during the war period, the Textile Industry had a temporary spell of prosperity. But the post-war period brought in its wake a serious re-action. The financial position of the Industry was further affected by statutory measures which imposed fresh burdens. The impact of all this has become apparent in the last two or three years, the financial results for which have been very unsatisfactory. Apart from it, some concerns have suffered losses continuously.

Hence the financial condition of the Industry is an important aspect which must

be taken into consideration when a revision is made in the Railway freight structure and due account should be taken of other constituents of cost of production of the Industry. We, therefore, urge the Enquiry

Committee to give full consideration to this aspect *viz.* the financial condition of the Industry of this centre and the extent of relief in freight due to it.

## INTRODUCTION—PART II.

**Freight problems of Ahmedabad Mills:** We have already indicated in brief, in the previous part, the problems of freight charges so far as Ahmedabad Textile Industry is concerned. Before we proceed to examine them in detail, it may be observed that the freight problems assume greater significance, when viewed in the light of the present day economic condition of the Industry and its development in the direction of production. If problems are examined with this background, their solution will appear to be most essential and urgent.

First we shall deal with coal and cotton which are most important commodities for Ahmedabad mills.

1. **Coal:** (i) Coal is the most important commodity for Ahmedabad Textile Mills. Its freight cost is of special concern for three reasons:

- (1) Coal is the principal fuel;
- (2) Its large consumption amounts to lakhs of tons;
- (3) It is procured from distant coal fields, which involves considerable freight charges.

We may examine these factors in some details.

(1) (a) The system of power generation in Ahmedabad Mills is principally dependant on coal. They consume electric power but to a limited extent. Consumption of electrical energy by mills has taken place in recent years only, but formerly the motive power was generated solely by coal-consuming boilers. Needless to emphasise that being the principal source of motive power, economic and cheaper coal is a necessity and of vital interest for Ahmedabad Textile Mills.

(b) The electric energy supplied to the Ahmedabad Textile Mill Industry is wholly generated from Coal and consequently its cost is an important element in the energy charge. The increased freight cost of coal has, therefore, affected the electric charges. The Ahmedabad Electricity Company Ltd., whose power generation is consumed and absorbed by mills to the extent of 80 per cent. utilise coal at the rate of about 70 wagons per day—this indicates the huge consumption coal for generation of electricity. There is a provision under the tariff of rates and charges fixed by the Company for H. T. consumers like Textile Mills, for increase in the energy charge by a fixed percentage if the cost of coal varies above standard cost of coal adopted for calculating energy charge. It will be relevant to note that formerly the Company adopted by standard cost of coal at Rs. 15 per ton but later on they have taken it at Rs. 35 per ton. It is an undisputed fact that this increase is mainly due to the enhanced freight of coal, whose burden is ultimately thrown on the Textile Industry, a major consumer of electrical energy.

(2) That annual consumption of coal by Ahmedabad Textile Mills is approximately 4½ lakh tons. According to the distribution control, the coal priority of all Ahmedabad Mills is fixed at 2,024 wagons per month which is based on average consumption. However, owing to increased off-take of electric power recently, monthly consumption may be fixed at 1,750 wagons=38,000 tons. Formerly the consumption of coal was of the order of 6 lakh tons annually but with the gradual utilisation of electric power there has been corresponding fall in coal consumption. Nevertheless, coal is the major element in the power cost and as such its freight cost figures prominently in the power cost.

(3) The problem of freight cost assumes special significance in view of considerable distance between Ahmedabad and the coal-fields of Bengal-Bihar and Madhya Pradesh from which the supply is mainly drawn. The Bengal coal fields are beyond 1,100 miles and the Central Indian Coal-fields are beyond 700 miles from Ahmedabad. According to the present tariff the calculated rate per ton for coal for 1,150 miles is Rs. 19-12-0 and the rate is Rs. 15-5-0 for 750 miles. To these basic tariff rates, there are added one terminal charge at Re. 1 per ton and labour cess charge at Re. 0-12-0 per ton. Transhipment charge at Re. 0-5-0 per ton is leviable where applicable. Thus, the total freight charge for distance beyond 1,100 miles comes to Rs. 21-8-0 per ton and Rs. 17-1-0 for distance beyond 700 miles. As we have already stated above, the annual consumption of coal by Ahmedabad Mills is 4½ lakh tons. Making allowance for shortage and wastage and taking into account the fact that the coal freight is calculated and charged on the carrying capacity of wagons irrespective of the actual contents, we may put the figure of actual quantity of coal required at 5 lakh tons. Supply of coal is drawn by Ahmedabad Mills from Bengal/Bihar Fields and the Central India Coal Fields, in the proportion of 30% and 70% respectively. Thus, 1½ lakh tons is obtained from Bengal/Bihar Coal Fields and its freight cost is Rs. 32.25 lakhs. (1,50,000 tons × Rs. 21-8-0 = Rs. 32.25 lakhs); similarly the freight cost of the balance quantity, i.e., 3½ lakh tons obtained from C.I. Coal Fields comes to Rs. 59.75 lakhs (3½ lakh tons × Rs. 17-1-0 = Rs. 59.75 lakhs). The total freight cost, thus, would be Rs. 92 lakhs (Rs. 32.25 + Rs. 59.75). Incidentally, it may be mentioned here that on an approximate comparison, the present freight cost is nearly double the pre-war level and nearly 50% more than 1947 level. It is also worth noting that the freight cost exceeds the coal value itself although the controlled prices of coal themselves are somewhat on the higher side.

(ii) We have examined the factors which make the freight cost of coal of vital importance to the Ahmedabad Textile Industry. Now we will briefly note the various stages at which the coal freight was enhanced. Before



we do so, we may state the present position. Under the present structure there is a separate tariff for carriage of coal in wagon-load which is as under :

*(I.R.C.A. Goods Tariff No. 29.*

*Chapter II, Part II.)*

*"Coal in wagon loads.* (1) (i) The basis of charge and the conditions for the carriage of coal, coke and patent fuel, booked in wagon loads, are as follows :—

*At Owner's Risk.*

	Pie per maund per Mile.
1 to 200 miles ...	.30
Plus 201 to 400 miles ...	.10
Plus 401 to 1000 miles ...	.08
Plus for all distances beyond ...	.07

*At Railway Risk.*

The rate per maund will be 20 per cent. higher than the owner's risk rate, exclusive of terminal, transshipment and other extra charges, except for traffic in bulk involving transshipment *en route* due to break of gauge or ferry for which Class I rate only is chargeable.

*Maximum charge :* The rates per ton for coal, coke and patent fuel are subject to the maximum charge of Rs. 23-2-0 per ton for 1,486 miles and upwards.

*Terminal charge :* The terminal charge is eight annas per ton at each end leviable on the same weight on which freight is payable.

*Transshipment charge :* Where there is a break of gauge *en route* a transshipment charge of annas five per ton is levied."

(iii) Before we proceed to mention the pre-1939 position, we may refer to the position in 1948 which is an important stage in the history of freight rate structure.

*(I. R. C. A. Goods Tariff*

*No. 28, Chapter II, Part II).*

*"Coal in wagon loads—* (1) (i) basis of charge and the condition for the carriage of coal, coke and patent fuel, booked in wagon loads, are as follows :

*At Owner's Risk*

	Pie per maund per mile
1 to 200 Miles ...	.25
Plus 201 to 400 Miles ...	.07
Plus 401 to 1,000 .. ...	.06
Plus for all distances beyond	.05

*At Railway Risk*

The rate per maund will be 20 per cent. higher than the owner's risk rate, exclusive of terminal, transshipment and other extra charges, except for traffic in bulk involving transshipment *en-route* due to break of gauge or ferry for which Class I rate only is chargeable.

*Maximum Charge:* The maximum charge is Rs. 17-12-0 per ton, exclusive of terminals, transshipment, etc. charges and is leviable on the weight for charge.

*Terminal Charge:* The terminal charge is eight annas per ton at each end.

*Transshipment Charge:* Where there is a break of gauge *en route* a transshipment charge of annas five per ton is levied."

(iv) *1947 Position:* The year 1948 marks an important stage in the history of the Railway freight structure. In order to ascertain the changes made in that year, it is necessary to know the position in the immediately preceding year *i.e.*, 1947. As the goods tariff which was in force in that year is not available, it is not possible to note the basic charges for carriage of coal per maund per mile. The following table, however, showing the calculated rate per ton for some important stations may serve the purpose:—

COAL FREIGHT PER TON

From 1	Station To 2	Rate per Ton. Rs. a. p. 3	Miles. 4	Rate per 100 miles. Rs. a. p. 5
Burhar	Ahmedabad	8 12 0	717	1 8 6
Umaria	"	8 5 0	664	1 4 0
Jagrakhand	"	9 2 0	771	1 3 0
Chirimiri	"	9 2 0	785	1 3 0
Mohuda	"	11 11 0	617	1 14 0
Jharia	"	11 11 0	1164	1 0 6
Pathardihi	"	11 11 0	1161	1 0 6
Iklehra	"	7 9 0	567	1 7 0
Parasia	"	7 9 0	571	1 7 0
Hirdagarh	"	7 9 0	553	1 6 6

These rates were subject to a surcharge of 20% along with cess and loading charge. The comparative position for the years 1947

and 1948 will be clear from the following statement:

*Comparative Statement of Coal Freight Rates.*

Colliery Field	Freight rate in 1947	Freight rate from October 1948	Freight rate from April '52
Miles	Rs. a. p.	Rs. a. p.	Rs. a. p.
Bengal 1171	... 11 11 0	15 8 0	19 14 0
C. P. 575	... 7 9 0	10 11 0	13 6 0
C. I. 785	... 9 2 0	12 8 0	15 12 0
	Plus 20% increased charge Rs. 1-4-0. Cess charge. Re. 0-6-2½. Loading charge.	Less 12½% rebate plus Re. 1-0-0 Terminal Tax Re. 0-12-2½ Cess charge.	Plus Re. 1 terminal tax and 0-12-0 Cess.

(v) Now we may examine the position of coal freight rates as obtained prior to 1939. It is difficult to collect the necessary information for purpose of comparison, since various scales and rates were adopted by different Railways. However, the Report of the Railway Rates Advisory Committee (Case No. XLIX 1938), gives us some information regarding freight rates of coal which were charged at that time by the various Railway administrations:

The Report of the Railway Rates Advisory Committee has also given a comparative statement showing the scales of rates in force at various periods from 1923 to 1937. For our purposes, the following information will, however, be sufficient.

(vi) For purpose of comparison the position of coal rates may be briefly summarised as follows:

*Comparative statement of basic rates  
of coal in the year 1938, 1948 & 1955.*

	Year 1938		Year 1948 (Pie per maund per mile).	Year 1955 (Pie per maund per mile).
	Pie per maund per mile at Bengal Scale.	Pie per maund per mile at C. P. Scale		
For the first 200 miles	0.165	...	.25	.30
Plus for distances 201 to 300 miles.	0.130	0.110	.07 (201 to 400 miles).	.10 (201 to 400 miles).
Plus for distances 301 to 400 miles.		0.050		
Plus 401 to 1,000 miles.	0.015 (upto 200 miles).	...	.06	.08
	+0.06 (201—400 miles).			
	+0.05 (Over 400 miles).			
Plus for all distances beyond.	...	...	.05	.07

(vii) We have collected the available statistical information pertaining to coal rates for different periods. Compared to the pre-war level, there is considerable increase in the rates. During the period of war, a surcharge of 20% was levied over the pre-war rates for coal. The surcharge was continued after the War i. e., subsequent to 1945 and when the revision was made in 1948, this surcharge was absorbed, along with some increase in the rates. In view of the importance of coal as essential fuel, a rebate of 12½% was granted to certain industries like textiles, papers, cement, etc. But since April 1952, the position is entirely

altered. The rebate was withdrawn. A flat increase of 30% was made in the coal tariff which when compared to 1948 position amounted to an increase more than 40%.

(viii) We have examined the various stages of the history of coal tariff since 1938. This examination reveals that coal has always been recognised as an important commercial commodity and has been accorded separate treatment from the general classification. It is needless to emphasise the importance of cheap and economic coal as it forms an essential fuel for all industries. The present coal tariff

requires review and in order to lighten its burden especially on major industries like the Textile Industry which consume considerable quantity annually the tariff should be restored to 1948 level as shown in the above table. Alternatively the system of rebate on long distance traffic should be introduced. This will give some relief to industries which are remote from coalfields and which are specially affected by coal tariff. The coal tariff has exceeded the

limits of reasonableness (i.e.) beyond what the traffic can bear and as we have discussed in the principles of rating, this consideration is of vital importance.

(ix) We conclude this discussion of the coal tariff, by appending hereunder a statement showing the pre-war and the present position of coal freight in regard to important coal fields from where coal is mainly supplied to Ahmedabad.

### COAL FREIGHT

STATIONS		Pre-war Rate per ton	Present Rate per ton	Percentage increase
From	To Kankaria & Asarwa			
1	2	3	4	
	Rs. As. P.	Rs. As. Ps.		
<b>BENGAL :</b>				
Kusunda	...	11 11 0	21 10 2½	85.00%
Pathardihi	...	11 11 0	21 10 2½	85.00%
Katrasgarh	...	11 11 0	21 10 2½	85.00%
Barkakana	...	11 11 0	21 12 0	86.00%
Dhori	...	11 11 0	21 10 0	85.00%
Mohuda	...	11 11 0	21 6 2½	82.9 %
Bhaga	...	11 11 0	21 5 2½	90.9 %
Jharia	...	11 11 0	21 10 2½	85.00%
<b>C. P.</b>				
Hirdagarh	...	7 9 0	14 15 0	97.5 %
Junardeo	...	7 9 0	14 1 0	97.5 %
Parasia	...	7 9 0	15 2 0	100.00%
Iklera	...	7 9 0	15 2 0	100.00%
<b>C. I.</b>				
Chirimiri	...	9 2 0	17 8 0	91.7 %
Jagrakhand	...	9 2 0	17 8 0	91.7 %
Mahendragarh	...	9 2 0	17 8 0	91.7 %
Burhar	...	8 12 0	17 0 0	94.4 %

This shows an average increase of 90% in coal freight which no industry can bear in addition to the shortage, which comes to about 7½ to 10% for which no compensation is paid by Railway.

II. *Cotton*: Next important problem to the Ahmedabad Textile Mills is the question of freight of Cotton. Cotton being the raw material is the most important commodity for this industry. Mills of this centre consume a large quantity of cotton, both indigenous and imported in the proportion 60% and 40% respectively. The total annual consumption is approximately 6.35 lakhs of bales. Indigenous cotton is procured mainly from the cotton growing districts situated at short distance from Ahmedabad. Before we examine the position of the indigenous cotton in detail we may point out that with the revision of 1948, the freight rates of cotton railed from short distance have been considerably raised. These rates are further subject

to the short distance charge. In view of the fact that cotton is the raw material for the Textile Industry at this centre, its freight cost is of vital importance. It should be treated on the same footing, as raw materials required by other industries such as cement, sugar, etc. The question has a three-fold aspect, firstly reduction of the basic rates under the classification, secondly removal of the short-distance charge and thirdly quotation of wagon load scales. We will discuss further this question but before that we may examine the position of freight of imported cotton, which has a long history behind it.

III. *Imported cotton*: It may be recalled here that the Tariff Board, in 1932, after examining the question of protection to the Textile Industry of the country, had recommended that the Indian Industry should concentrate on and develop manufacture of finer counts in order to meet foreign competition. Ahmedabad Centre took up

this recommendation in right earnest and started production of finer counts. This in its turn increased the consumption of foreign cotton which was imported through Bombay Port. Transport charges for Cotton from Bombay to Ahmedabad were of vital importance to the Industry. This aspect was appreciated by the B.B. & C. I. Railway and special rates were fixed for imported cotton from Bombay to Ahmedabad. We would briefly indicate the stages during the whole period from 1938 to 1950 when special rates were charged on imported cotton from Bombay to Ahmedabad.

(i) The prevailing rate in January 1938 was Re. 0-8-6. This rate was fixed on mutual understanding. The Railway, however, proposed to increase it to Rs. 1-1-5. As a result of further negotiations, an agreement was entered into between the Railway and this Association for a period of three years under which the freight was fixed at Re. 0-9-8. On the expiry of this agreement, another agreement was entered into enhancing the rate to Re. 0-10-6 (which was much lower than the class rate) with effect from 1st February, 1941. It may be pointed out that this enhancement in itself was considered unreasonable in the context of normal times, but was agreed to by the Industry as an emergent war measure.

(ii) It may be noted that in terms of the agreement, the Association was entitled to press for a reversion to the rate of Re. 0-9-8 three months after the termination of the War. But instead, the member mills of the Association continued to bear the extra burden as it was felt that the conditions had not stabilised sufficiently. This position continued till 1947 when the Railway enhanced the rate to Re. 0-12-7. This was done without any consultation with the Association and in spite of the fact that the Railway had assured that the existing rate viz. Re. 0-10-6 would be retained and continued. The Railway advanced the following reasons in support of their action:

"It is difficult to appreciate your request for a reduction in rates, even below the level existing during the past six years. As you are aware, operating costs have increased considerably since the beginning of the war. Nevertheless Railway Rates have remained practically at the same pre-war level. With the drop in military traffic, the Railway Budget position is weak and if the general public are not to be called upon to subsidise the users of transport, an enhancement in the level of freight charges is necessary. Accordingly, a

small increase is being made in the concessional rates quoted by Railways."

(Extract from the Chief Traffic Manager, B.B. & C.I. Railway, Bombay's letter No. 67-32-A dated the 28th April 1947 addressed to the Secretary, the Ahmedabad Millowners' Association, Ahmedabad).

(iii) In 1950, the Railway again came forward with the following proposal for enhancing the rate, although the mills of Ahmedabad had strictly followed the understanding of importing cotton through Bombay.

**"Rate for Cotton (Raw) from Bombay.**

A review has been made of the existing station-to-station rates on imported cotton and it has been decided that in the changed circumstances all the special rates which have not been used for really large bookings from Bombay should be withdrawn. Since there is fairly heavy traffic to Ahmedabad, the question of continuing the quotation of station-to-station rates has been very carefully considered and it has been decided that the rates should not entirely be withdrawn but only revised. Accordingly, the rates to Ahmedabad mills, from 1st January 1951 be revised as follows:

	Per maund.		
	Rs.	As.	Ps.
Cotton (Raw) Full-pressed			
S/15; W/450 RR; L. ...	1	0	5
Cotton (Raw) half pressed			
W/300 RR; L. ...	1	4	0

(Extract from copy of letter No. R. 57/32/A dated 18th October 1950 from the C. T. M., B.B. & C.I. Railway, Bombay.)

(iv) Shortly after this the Railway came forward with a new proposal for abolishing the special rate and apply the ordinary tariff rate to the traffic of cotton from Bombay to Ahmedabad. The proposal was stated as under:

"In continuation of this office letter No. R67/32/A of 18th October 1950, it has been decided to cancel the following station-to-station rates for cotton (raw) from Bombay (Carnac Bridge) or BPT Railway Stations to Ahmedabad, Asarwa or Kankaria with effect from 1st April 1951 as Ahmedabad should be served by the nearest port namely Bhavanagar Docks according to the Policy of the Government of India:

	Per Maund.		
	Rs.	a.	p.
Cotton (raw) full pressed S/15, W/450; RR; L. ...	1	0	5
Cotton (raw) half pressed W/300; RR/L. ...	1	4	0
With effect from 1st April 1951 the ordinary tariff rates will be:—			
Cotton (raw) full pressed P/21; S/15; RR. ...	1	7	1
Cotton (raw) half pressed P/21; S/15; RR. ...	1	14	0"

(Extract from letter No. R. 67/32/A dated the 30th December 1950 from the Chief Traffic Manager, B.B. & C.I. Railway, Bombay).

(v) Thus, from 1-4-1951, the special rate has been abolished and cotton is being charged at the ordinary tariff rate notwithstanding the mills have strictly observed the understanding. The Association protested against this, pointing out the whole position, but as the Railway Board had adopted a policy to discontinue station-to-station rates, they did not accept the request of the Association, arguing that

"It is a cardinal principle of the revised rating policy that the various commodities are classified on the same basis on all Indian Railways. A station-to-station rate, being in the nature of a reduction from the general level of charges, can only be quoted or retained where it can be shown to be a due preference for which full economic justification exists..."

"I am to add that if economic justification is considered to exist for the re-introduction of station-to-station rates for cotton between Bombay and Ahmedabad, details may be furnished to the General Manager, B.B. & C. I. Railway, together with a note explaining on what grounds this advantage is claimed as a due advantage not offending against the provisions of Section 28, Indian Railways Act. Such an application will receive due consideration."

(Extract from letter No. 2509-TC dated the 28th March 1951 from Secretary, Railway Board, Ministry of Railways, New Delhi addressed to the secretary, the Ahmedabad Millowners' Association, Ahmedabad).

(vi) Now we may summarise the enhancement of the rate at various stages as under :—

Period.	Rate. Rs. a. p.	Nature of rate.
Prior to 1938	0 8 6	Special Station to Station.
1938 to 1940	0 9 8	do.
1941 to 1946	0 10 6	do.
1947 to 1950	0 12 7	do.
1st January 1951 to 31st March 1951.		
F. P. Cotton.	1 0 5	do.
H. P. Cotton.	1 4 0	do.
1st April 1951.		
F. P. Cotton.	1 7 1	Tariff rate.
H. P. Cotton.	1 14 0	Tariff rate.

It would be seen that there is a substantial increase in the freight rate of imported cotton from Bombay to Ahmedabad for which there is hardly any justification. Incidentally it may be mentioned that the Railways themselves had justified the concessional rate given to Ahmedabad before the Railway Rates Advisory Committee in the application of the Federation of Baroda Mills and Industries (Case No. 53 of 1938). The Railway Rates Advisory Committee had also accepted the position.

(vii) While discussing the principles of rating and the considerations which should be the basis for national rates policy, we have pointed out that concessional rates and special rates—as already recognised in the past—should form an integral part of rates structure. Raw materials like cotton are essential commodities and they form the bulk of the traffic over a particular area. To charge such commodities at the level of class rates by applying the tariff rate is most inappropriate. Such charging would mean that no consideration is given to the importance of commodities which are essential as raw materials for industries and that the raw materials for Textile Industry are treated differently from raw materials of other Industries. The fact that cotton deserves special consideration and charging has already been recognised by the Railway administration. This is proved by the fact that special rates and concessions were continued for a long period after the management of the Railway Company was taken over by the Central Government. The special rate for imported cotton from Bombay to Ahmedabad, as will be seen

from the history traced above, was continued for a long period (probably from 1942 to 1951), when the B. B. & C. I. Railway came under the Central Administration. The need for special treatment in case of cotton still remains unaltered and the rates structure should, therefore, provide for a concessional freight for imported cotton from Bombay to Ahmedabad. Revenue consideration should not weigh in case of commodities which are required as raw materials for industries to whom the freight cost is of vital importance.

IV. *Cotton (Indian)*. The revision of the freight structure in 1948 and the introduction of telescopic class rates have increased the freight charge of the traffic moving over short distance. Indian cotton is procured by Ahmedabad Mills from surrounding districts, most important of which are situated within a radius of 75 miles. The freight charges for this cotton have been increased in a three-fold way :

- (1) Application of the class rate with upgrading of class for cotton. Under the present classification, cotton is placed under class 8 (F.P.) and Class 12 (H.P.), while before revision, the respective classes were 4 and 6.
- (2) The present class rates are subject to additional charges which are uniformly applied. In case of cotton, which is a short distance traffic, there is short distance charge at six pies. Formerly, the rate of such charge was three pies. As we have stated above, the levy of this charge at the doubly increased rate has



adversely affected the freight cost of cotton for Ahmedabad Mills.

- (3) The application of terminal charge over the class rate has also increased the freight charge.

We give below comparative statement indicating the increase in the freight charge of cotton subsequent to the revision of 1948, one for short distance stations i.e, within 75 miles and another for some stations over 100 miles:—

#### FREIGHT OF F. P. COTTON

STATIONS		Pre-war rate per B. Maund	Present Rate per B. Maund	Percentage increase.
From	To			
		Rs. A. P.	Rs. A. P.	
<b>STATIONS OVER 100 MILES.</b>				
Broach	Ahmedabad ...	0 6 10	0 8 10	29½%
Surat	" ...	0 8 7	0 11 5	33 %
Vadchha	" ...	0 9 11	0 13 0	31 %
Navasari	" ...	0 9 8	0 12 8	31 %
Maroli	" ...	0 9 5	0 12 4	31 %
Sachin	" ...	0 9 2	0 12 0	31 %
Koshamba	" ...	0 7 8	0 10 0	37 %
Bardoli	" ...	0 10 0	0 12 11	29½%
Chalthan	" ...	0 9 6	0 12 0	26½%
Kim	" ...	0 7 11	0 10 4	32½%
Billmora	" ...	0 10 4	0 13 7	31½%
Amalsad	" ...	0 10 2	0 13 4	31 %
Utran	" ...	0 8 7	0 11 3	31 %
Sayan	" ...	0 8 3	0 10 9	30½%
Jalgoan	" ...	0 10 6	1 8 5	132½%
Bhusaval	" ...	1 4 5	1 10 0	27½%
<b>STATIONS BELOW 75 MILES</b>				
Mileage.				
<b>BROAD GAUGE</b>				
Timba Road	Ahmedabad 75 ...	0 5 3	0 6 7	25½%
Sevalia	" 73 ...	0 5 6	0 6 7	19½%
Kapadvanj	" 66 ...	0 5 6	0 6 1	10½%
Thasara	" 64 ...	0 5 2	0 6 4	22½%
Baroda	" 63 ...	0 5 1	0 6 3	23 %
Cambay	" 73 ...	0 5 8	0 6 7	16 %
Dakor	" 59 ...	0 4 11	0 6 0	22 %
Patdi	" 58 ...	0 4 10	0 5 11	22½%
Petlad	" 54 ...	0 4 8	0 5 8	21½%
Viramgam	" 41 ...	0 3 11	0 4 9	21½%
Jakhawda	" 33 ...	0 3 6	0 4 2	19 %
Nadiad	" 29 ...	0 3 4	0 3 11	17½%
<b>METRE GAUGE</b>				
Dhanduka	" 77 ...	0 5 1	0 6 9	32½%
Lakhtar	" 67 ...	0 5 6	0 6 7	19½%
Jadar	" 66 ...	0 5 3	0 6 6	23½%
Mahadevpura	" 61 ...	0 5 0	0 6 2	23½%
Bhankoda	" 56 ...	0 4 3	0 5 6	29½%
Himatnagar	" 55 ...	0 4 8	0 5 9	23½%
Becharaji	" 55 ...	0 4 5	0 5 9	30 %
Dhinoj	" 53 ...	0 4 2	0 5 6	32 %
Detroj	" 50 ...	0 4 0	0 5 1	27 %
Jotana	" 45 ...	0 3 11	0 5 0	27½%
Mehsana	" 43 ...	0 3 10	0 4 11	28½%
Katosan Road	" 40 ...	0 3 8	0 4 8	27½%
Kadi	" 28 (40) ...	0 3 0	0 3 10	28 %
Talod	" 33 ...	0 3 3	0 4 2	28 %
Randeja	" 26 ...	0 2 11	0 3 8	25½%
Nadol Dehgam	" 18 ...	0 2 9	0 3 3	18 %
Kalol	" 16 ...	0 2 9	0 3 3	18 %

Note:—The average increase is over 30%.

From the above statement it will be apparent that there is substantial increase in the freight charges of cotton, which being the raw material, its freight cost correspondingly affects the production cost. As we have stated earlier, Indian Cotton is consumed to the extent of 60% of the total consumption. In figures, this comes to 3.64 lakhs of bales annually. The inequity of the charge was brought to the notice of the Western Railway Authorities, pointing out the extent of the burden of the freight cost. There is a provision under the present tariff for waiving of short distance charge in deserving cases. It was emphasised before the Western Railway Authorities that the case of freight of Indian Cotton deserved due consideration. The authorities, however, have put forward their usual arguments of increase in the general price level etc. This is a glaring case of the Railway not considering the application made for reduction or station-to-station charge.

V. *Textile Machinery*: So far as the freight cost is concerned, textile machinery is an important item for the Ahmedabad Mills. Most of the machinery is imported through the Bombay Port. As is the case with all other commodities, with the revision of 1948, the class of machinery has been upgraded. Formerly it was placed in Class 2nd but now it is placed under the fourth class. The Ahmedabad mills have undertaken various programmes of expansion and renewals of machinery and plant for which bulk orders are being placed. It is neces-

sary that some concessional rate is charged for machinery (Textile) instead of the class rate. Compared to mills of Bombay, the freight cost of machinery is an additional impost on Ahmedabad Industry.

We have examined in detail the freight problems of the Ahmedabad Textile Industry, particularly in respect of important commodities like coal and cotton, indicating the direction of the solution and the extent of relief required. The problems are urgent and important and their solution would give much relief to the industry. We have dealt with only few important items but the case of chemicals and stores also requires due consideration. Generally, their classification has been raised resulting in considerable enhancement of freight cost.

VI. *Cotton Piece-Goods*: (i) Now, we may indicate the problem so far as the rate structure affects the manufactured products, viz., Cotton Piecegoods which comprise bulk of the outward traffic of Ahmedabad City. This centre represents 25% of the capacity of the Indian Textile Industry and the manufactured cloth is despatched to many consuming centres in other parts of the country. The present annual production of cloth by Ahmedabad Mills is estimated at 1100 million yards and the annual packing of bales of 1,500 yards each is estimated at 7,33,000 bales. Major production is despatched by rail to the various parts of the country as will be apparent from the following figures:

Statement of total despatches of cloth bales.

	1952	1953	1954
	7,05,431	6,65,511	7,75,667
Monthly Average	58,786	55,459	64,639

This will indicate the extent to which the question of freight charges for cotton piecegoods is important to the Ahmedabad Textile Industry in view of the fact that any alteration in the rate charges would affect the competitive capacity of this centre, especially in important markets like Calcutta. A rational and reasonable rate charge is absolutely essential both in the interest of the manufacturing industry and the consuming public of the country.

(ii) As we have already remarked elsewhere, the year 1948 marks an important

stage in the history of rate structure. The revision in that year and the adoption of the telescopic system with upgrading of classification has resulted in considerable increase of freight charges in case of many commodities. Cotton piecegoods which were formerly placed under Class 4 are now transferred to Class 9. Besides, the basic rates of classes themselves have been increased. The extent of increase will be evident from the following comparative figures:

#### COMPARATIVE BASIC CLASS RATES

(Pie per maund per mile).

OLD		From 1—10—1948				From 1—4—1955			
		Rate				Rate			
Class	Rate	Class	For first 300 miles	+ for next 300 miles	+ for distances beyond	Class	For first 300 miles	+ for next 300 miles	+ for distance beyond
4	0.62	9	.90	.84	.74	9	.99	.84	.66

(iii) Before we analyse the effect of increase in freight of C.P. bales in case of important destinations, it will be relevant to indicate the position that existed in 1947, that is, immediately preceding the revision of 1948. We have reproduced later on the

freight rates of cotton piece-goods in case of important destinations as prevailed in 1947. The following brief statement, however, shows the percentage increase over pre-war rates as compared to 1947 rates for some important centres.

*Comparative Statement showing percentage increase in freight on piecegoods over prewar rates for some important centres. (1947 position.)*

To	From	Percentage increase over pre-war rates
Shalimar	Ahmedabad	87%
Sealdah	"	87%
Bezwada	"	51%
Chupra	"	30%
New Delhi	"	21%
Chirala	"	21%
Amritsar	"	17%

#### FREIGHT ON PIECE GOODS IN 1947

To	From	Miles	Rate per B. Maund	Rate per 100 Miles
			Rs. As. Ps.	Rs. As. Ps.
New Delhi	Ahmedabad	539	2 3 8	0 6 5½
Agra Fort (Belanganj)	"	538	1 15 4	0 5 9½
Farukabad	"	659	2 4 2	0 5 5½
Hathras City	"	552	2 0 2	0 5 10
Beawar	"	272	1 0 6	0 6 1
Amritsar (via Muttra & New Delhi)	"	802	3 1 8	0 6 2
*Multan (Via Bhatinda)	"	844	3 4 5	0 6 2½
Ambala City (Via Delhi)	"	668	2 6 4	0 5 9
Shalimar	"	1269	3 5 6	0 4 2½
Muzzafarpur	"	1143	3 14 2	0 5 5
Chupra	"	1074	3 10 3	0 5 5
Darbhanga	"	1198	4 1 3	0 5 5
Bareilly City	"	857	2 1 8	0 3 11
Madras	"	1093	3 11 6	0 5 5
Chirala	"	1069	3 13 4	0 5 9
Bellary	"	857	3 0 0	0 5 7½
Bezwada	"	1013	3 5 0	0 5 2½
Sealdah (Howrah)	"	1333	3 5 6	0 4 0
Kashi	"	951	3 3 3	0 5 4½

\*Now in Pakistan.

(iv) From the preceding two statements, it will be observed that the freight rates for cotton piecegoods were considerably enhanced, during the period 1939-47. In some cases, the increase was to an inordinate degree. This naturally affected the competitive capacity of the mills of this centre in important markets in different parts of the country. The revision of 1948 further enhanced the rates by reason of the change of classification and adoption of the telescopic system. In case of centres like Calcutta, the increase is excessive and as compared to pre-war level, it is nearly 300%. This centre is the most important market for the products of Ahmedabad Textile Mills and the inordinate increase has affected the competitive capacity of Ahmedabad *vis-a-vis* other producing centres. The extent of increase is indicated in the statement given hereunder (Page, 335) showing the pre-war and the

present rates for cotton piece-goods despatched from Ahmedabad to various consuming centres in the country.

In view of the fact that cotton piecegoods are an important commodity for the masses of the country and for the export trade, the level of its freight charge should be on a rational and reasonable basis. It is suggested that there should be some concessional charge for wagon-load consignments of piecegoods. In case of centres like Calcutta, a special rate sufficiently lower than the class rate should be provided for. Reference is also invited to Introduction (Part I) where we have emphasised the necessity for providing special rates for cotton piecegoods in case of Ahmedabad in order to enable this centre to maintain comparative and competitive position *vis-a-vis* Bombay.

## FREIGHT ON COTTON PIECE-GOODS

STATIONS		Pre-war rate per B. Maund	Present rate per B. Maund	Percentage increase.
To	From	Rs. a. p.	Rs. a. p.	
1	2	3	4	5
		Rs. a. p.	Rs. a. p.	
New Delhi.	Ahmedabad	1 13 2	2 13 10	56.5 %
Farukabad	"	1 14 0	3 1 10	65.4 %
Hathras City	"	1 13 10	2 10 9	44.75 %
Beawar	"	0 15 5	1 5 9	41.6 %
Amritsar	"	2 9 2	4 0 1	55.6 %
Ambala City (Via Delhi)	"	2 3 5	3 6 4	19.9 %
Shalimar	"	1 13 0	5 8 5	300.5 %
Muzzafarpur	"	2 15 11	4 13 0	64.4 %
Chupra	"	2 12 11	4 12 10	71.1 %
Darbhanga	"	3 2 4	5 4 10	69.9 %
Bareilly City	"	2 2 11	3 2 4	44.4 %
Madras	"	3 5 2	4 12 11	45.5 %
Chirala	"	2 13 9	4 4 10	50.00 %
Bellary	"	2 12 10	3 13 4	35.5 %
Bezwada	"	2 9 11	4 1 2	64.3 %
Sealdah (Howrah)	"	1 13 0	5 10 9	313.4 %
Kashi	"	2 8 11	3 15 8	56.00 %

So far we have set forth our general observations on the subject in the form of an Introduction to this Memorandum. We now conclude our general remarks with a brief statement about the increase in the freight of coal, cotton and further in cotton piecegoods which when added to the price of cloth to be paid by the consumer, has made the commodity dearer. Coal and Cotton are basic raw materials for the Textile Industry and should bear a reasonably low charge; while the freight charge in case of cotton piecegoods should be such as would encourage its increased use and consumption.

We trust, our general observations and suggestions will receive due consideration by the Railway Freight Structure Enquiry Committee in formulating their recommendations on the subject.

## PART I-A

Q: 1. Before the introduction of the new Freight Structure in 1948, which adopted the principle of telescopic rates on continuous mileage basis, the freight structure was more or less utilised by Railways as was suited to local conditions. Varying rates and charges were quoted by the different Railway Companies for the same commodity or similar article, within the over-all limits fixed under the general classification. This naturally created difficulties for the Trade and Industry. The Commercial Community, therefore, desired, simplification and uniformity of the freight structure. The question was examined by the Railway Board through a Departmental Committee on cessation of hostilities in 1945. On the basis of the

report of this Committee, the present rate structure, was evolved in 1948. Under the new structure telescopic class and wagon-load rates were introduced in place of the flat or horizontal system of rates. With the introduction of telescopic rates, most of the station-to-station rates were abolished. The Commodities were re-classified and in many cases they were upgraded. The rates were enhanced and rebates and concessions were withdrawn. The revision was required for the purpose of simplification and rationalisation but it resulted in a substantial overall increase in freight charges in case of many commodities like coal, cotton, cotton piecegoods, etc. The new structure had further an adverse effect on the short-distance traffic and freight cost of raw materials like cotton increased considerably.

The new rate structure upgraded and increased the class rates as can be seen from the comparative table given in Introduction Part I.

It is difficult to say whether the principle of telescopic rates has been helpful to the Industry and Trade of the Country. Both the short distance and long distance traffic have been adversely affected by the revised system of rating, inasmuch as the total freight charge has increased in both the cases much more on short-distance traffic. The telescopic system has not been found helpful to the short-distance traffic like cotton. In our opinion, such traffic should be protected by a system of special rates without any additional charges which is a defect of the present system. While discussing the principles of rating and the considerations which

should be the basis for national rates policy, we have pointed out that concessional rates and special rates should form an integral part of the rates structure. Raw materials like cotton are essential commodities and they form the bulk of the traffic over a particular area. To charge such commodities at the level of class rates by applying the general tariff along with short distance and other charges is most inappropriate. Such charging would mean that no consideration is given to the importance of commodities which are essentially raw materials for industries. That raw materials like cotton deserve special consideration and charging,

has already been recognised by the Railway Administration. This is apparent from the fact that special rates and concessions were continued for a long period after the management of the Railways was taken over by the Central Government.

Long distance traffic is also equally affected by the telescopic system, as there was also increase in the total charge. This would be clear from the following illustration:

The total charge for 100 maunds for a distance of 900 miles at the old class rate as well as the telescopic class rate will work out as under:

Old Class rate (Class I) O. 38 pie per maund per mile x 100 Maunds x 900 miles = Rs. 178 2 0.	
Telescopic class rate (Class II) .54 for 1st 300 miles	
.49 for next 300 miles	
.45 for distance beyond,	
i.e. Rs. 84 6 0 for 1st 300 miles	
Rs. 76 9 0 for next 300 miles	
and Rs. 70 5 0 for distance beyond:	
<hr/>	
Total: Rs. 231 4 0	
<hr/>	

It may be noted that the effect of increase will be more apparent in case of traffic movement to a distance from 300 to 600 miles.

As we have pointed out in the Introduction the volume of traffic movement has not been disturbed by the new structure with its increased charges because there is no alternative mode of transport and the volume of traffic is maintained or rather increased by the development in production. But the adverse effect due to the reclassification and new rate system should not be overlooked.

Q: 2. Inflexibility is one of the noteworthy defects of the new freight structure. The Railway Authorities have placed much reliance on this feature of the structure. Revenue being the sole consideration, the authorities have never felt the necessity of making alterations in the structure of rates or providing special rates even in cases in which it is absolutely justified. So far as the Ahmedabad Cotton Mill Industry is concerned, the freight charges for movement of indigenous cotton and of imported cotton (from Bombay to Ahmedabad) under the new structure are relevant examples. Cotton being the raw material, is the most important commodity for this industry. Mills of this centre consume a large quantity of cotton, both indigenous and imported in the proportion of 60% and 40% respectively, the total annual consumption being approximately 6.35 lakhs of F.P. bales. Indigenous cotton is obtained mainly from the cotton growing districts situated at short distance from Ahmedabad. There was substantial increase in the freight charge for cotton with the revision of freight structure in 1948. Cotton being the raw material, its freight cost has a corresponding effect on the overall cost of production. The inequity of the charge was brought to the notice of Western Railway Authorities, pointing out the extent of the burden of the freight cost. It was represented to them that the case of freight of Indian Cotton deserved special consideration and the benefit of the provision under the present structure for waiving of short distance charge in deserving cases should be

extended to this commodity. The Authorities, however, have put forward their stock arguments like increase in the operating costs, price level etc.

In case of Imported Cotton from Bombay to Ahmedabad the special rate was withdrawn from 1-4-1951 and it is since charged at the ordinary tariff rate. It would be apparent from the factual history given in Part II of the Introduction, the special rate for Imported Cotton from Bombay to Ahmedabad remained in force for a long period. The commodity was never charged at the tariff rate and the Railway Board abolished the special rate solely from the revenue consideration and undue preference. This Association protested against the step, bringing to their notice the whole position from the beginning, but as the Board had adopted a policy to discontinue the special rates, they did not accept the request of the Association arguing that—

“It is a cardinal principle of the revised rating policy that the various commodities are classified on the same basis on all Indian Railways. A station-to-station rate, being in the nature of a reduction from the general level of charges, can only be quoted or retained where it can be shown to be a due preference for which full economic justification exists.....”

Similar was the case of finished products. The freight charge for cotton piece-goods has been considerably raised and in some cases the increase has been disproportionate. This naturally affected the competitive position of the textile mills of this centre in important markets in the country. In case of centres like Calcutta which constitutes important market for the products of this centre, the increase in freight is excessive and as compared to pre-war level, it is nearly 300 per cent. This position was also brought to the notice of the Railway Authorities but they have put forward the argument of general increase in price level



and increase in the operating cost of Railways.

We have briefly indicated the position, in regard to Cotton and Cotton Piecegoods which are important problems for the textile industry of Ahmedabad. For detailed information on the subject, a reference is invited to the Introduction, Part II.

Q: 3. In order to judge the adequacy and appropriateness of the present classification, the rates and scales under it and the inter-relation of the different slabs, it is necessary to have full knowledge of the governing principles and the cost data on the basis of which the three-legged system with the sliding rates is based and evolved. In fact when this system was introduced, this information should have been made known to public. In absence of any such information, we would have to refrain from making any detailed observations. At the same time we may state that the level of rates is on the higher side and therefore, the level should be reduced. The telescopic system cannot be considered complete unless it has for its integral part a scheme of special rates and concessional charges in all deserving cases, taking into account the prevalence of such rates in the period prior to 1948.

Q: 4. In our opinion, the present practice of maximum rates should be continued. We do not consider that this concession would involve substantial loss of revenue to the Railway, since very few commodities must be moving beyond the maximum distance.

Q: 5. We strongly object to the principle of additional separate charges over and above the conveyance charges. When a simplified rate structure with a uniform mileage basis has been introduced, there is no necessity of such additional charges. It may be argued that some additional service is being rendered by the Railway for which service such additional charges are made, over and above the transportation charges. This may be correct but it is not consistent with a well-knit system of rating which is uniformly applied to all commodities. When Railway undertakes to transport a commodity from one place to another, whatever operations are necessary for and in connection with the transportation they should be carried out by the Railway and such operations should be considered as incidental to the main task of transportation for which necessary charge is recovered. These remarks equally apply to other charges like empty haulage charge for tank wagons, crane charges, weight charges, diversion charges etc. The basic consideration should be, that the total distance covered by a commodity in its transportation from one end to another is properly charged by the telescopic class rate. We have indicated this as a principle. However, if the charges are considered absolutely necessary, the quantum of the rates requires revision. The terminal charge should not be uniform irrespective of stations.

As regards short distance charge which specially affects the cotton traffic moving over this area, we are of firm opinion that the addition of this charge has increased the freight charge of cotton, which being the raw material has affected the production

cost of the Ahmedabad Textile Mills. In order to bring the freight charge of cotton to a reasonable level, it is absolutely necessary to remove this charge. We, therefore, request the Enquiry Committee to make a strong recommendation for removal of short distance charge on raw materials for industries in order to protect the short distance traffic. This modification will not involve the Railway in substantial loss of revenue, but it will, on the other hand, remove a long-standing complaint.

Q: 6. Taking into account the fact that distance unit of one mile is an established practice and that the public is long familiar with it, we do not consider it necessary or desirable to raise or revise the present limit.

Q: 7. In business centres like Ahmedabad and Bombay, it is the common practice of merchants to keep their godowns in nearby villages or towns because such big godowns are not always freely available in the city proper. When the goods stored in such godowns are moved to Ahmedabad for sale, they have to bear extra freight which unnecessarily increases its cost to the consumers. We, therefore, suggest that taking into consideration this fact and in view of the prospects of ever-increasing traffic (small distance and inter-town) in business centres, the minimum distance limit may be reviewed for relief of such traffic.

Q: 8. We have indicated our general view-point in regard to the levy of such additional charges in our answer to Q: 5. Reference is therefore invited to the same.

Q: 9. We favour the classification under groups of commodities having similar characteristics. We, at the same time, consider it equally important that proper care should be taken in grouping so that no low-priced commodity is so grouped that it is charged under a class which is not justified. Grouping will no doubt simplify the classification and avoid possible confusion. It is relevant here to note that the question of grouping of commodities requires separate examination and we are of opinion that the question of classification and grouping should be examined simultaneously for the purpose of Import Trade Schedule, Custom Tariff and Railway Freight Structure. If such an attempt is made, it will definitely minimise the difficulties of the trade.

In this connection, we would like to suggest that a separate group should be provided for (1) Textile Machinery, (2) Textile Stores and Accessories, under the general classification. In case this suggestion is approved of by the Enquiry Committee, we shall furnish consolidated list of items for the purpose.

Q: 10. We are of opinion that the task of evolving a classification for the purpose of freight charging is undoubtedly an elaborate and difficult one and the Railway Board and its Departmental Committee deserves credit for what they have accomplished. The Railway Board have claimed that the freight structure i.e. the revised classification was evolved on 'commercial principles'. It would, however, appear that revenue consideration has outweighed all other aspects and commodities have been classified in order to fetch in more revenue, since the adverse effect of the revised

classification was immediately felt by the Trade and Industry of the country on introduction of the new structure in 1948. The Rate Structure and the classification of goods, therefore, require a review and we would suggest that the level of class rates should be reduced so as to make it reasonable and consistent with interests of the Trade and Industry of the country.

Apart from this, the present classification cannot be considered as exhaustive and many items require to be added. This will be evident from the frequent references made to the Indian Railway Conference Association by the Railway Board for classification of new items for inclusion.

Q: 11. We are of the view that there should be distinct and separate rates for 'smalls' consignments and wagon-load consignments in case of each and every commodity that can be carried in bulk. Under the present classification, very few commodities are given the benefit of wagon-load scales. This is not appropriate since all commodities which can be consigned in wagon loads should be provided with special wagon-load tariff. This step will encourage traffic movement in wagon-load consignments and thereby will ensure better utilisation of the available transport capacity. The wagon-load scales must necessarily be very low so as to provide sufficient incentive. The scheme of wagon-load scales can be arranged within the existing framework of wagon-load scales, the level of which, however, requires to be revised and reduced.

As we have already pointed out in the Introduction, Part II, Cotton Piece-goods constitute the bulk of the outward traffic of Ahmedabad. It would not be an exaggeration if we state that cotton piece-goods traffic moves in train-loads daily from Ahmedabad and secures thereby full utilisation of the transport capacity available in this area, apart from the revenue it earns for the railway. It should be called a defect of the system, if wagon-load scales are not provided for such traffic as Cotton Piece-goods. We, therefore, take this opportunity to emphasise the necessity of providing wagon-load scales for this commodity, *viz.* Cotton Piecegoods.

Q: 12 & 13. It appears that the minimum charge for the wagon-load consignments is on the higher side and it should be reduced to a lower scale.

It is not necessary to make the charge variable with commodities.

Q: 14. We are of the view that the present arrangement should not be disturbed.

Q: 15. In our opinion, the proposal has practical importance but care should be taken to see that no injustice is done to the lower class goods.

Q: 16. We have already indicated our view-point, in reply to Q: 11, regarding measures necessary to encourage the wagon-load traffic governed by special rates which should be attractive and lower than the class rates. In regard to proposal (ii) we believe that for the sake of uniformity the class rates should apply to 'smalls' and there should be a provision for a lower charge for wagon-loads. We do not favour the proposal for levying an extra charge

over the class rates in case of 'smalls' consignments, because that would make the burden of freight all the more excessive.

Q: 16-A. We have no comments to offer.

Q: 17. We believe that the proposal may be implemented on an experimental basis with provision for review in course of time in the light of experience gained.

Q: 18. The Enquiry Committee must be aware that the available transport capacity is not adequate to cope with the traffic requirements with the result that congestion of traffic and delay in transportation occur at many places. Special trains have to be run to remove such congestion. In such circumstances, the proposal for an additional charge can hardly be justified.

Q: 19. We have already pointed out in answer to Q: 5 that no extra charge should be made for such services.

Q: 20. We have no comments to offer.

Q: 21. We object to any proposal for discouraging carriage of short-distance traffic by Railway, since in our opinion, it must be the policy and one of the main functions of the Railway to provide transport service and facility to every kind of traffic. The suggestions made under the question fall counter to the fundamental policy and should not be implemented. These remarks equally apply also to long-distance traffic. It is relevant here to consider the question of development of alternative means of transport and co-ordination between them. The Government of India have already appointed a Committee to examine the question of Rail-Sea Co-ordination, with a view to find out ways and means for development and utilisation of coastal shipping in the country. It is a fact that at present the Railway is the main carrier of traffic. Development of alternative means of transport will no doubt relieve the strain on railway, but under no circumstances the choice of the businessmen to utilise anyone of them should be restricted. We are of strong opinion that there should not be any upward adjustment of Railway freight-rate for the purpose, but the charges of alternative means should be comparable to the Railway rates.

Q: 22. According to our information, so far as the Ahmedabad mills are concerned, a very small proportion of total procurement of Indian Cotton is brought by road transport. Sanand and Bavla are the two cotton centres from where the cotton bales are usually brought by lorries for supply to Ahmedabad mills. During the cotton season 1954-55, 54,878 cotton bales were pressed in Bavla and 23,540 cotton bales were pressed in Sanand. Major portion of cotton pressed in these centres is consumed by Ahmedabad Mills. The Railway freight from Sanand to Ahmedabad per B. Maund of Cotton is Re. 0-3-3. So per candy of Cotton (Candy means 2 Cotton Bales), the freight comes to Rs. 2-0-6, to this charge the expense of carting from station to mill premises should be added. Compared to this, the expense for transporting cotton bales by lorries comes to about Rs. 2-12-0 per candy in which case the cotton is delivered direct to mill premises. In both cases, Terminal Tax of annas 10 per cotton bale *i.e.* Rs. 1-4-0 per candy of cotton should be added. Thus, the road transport

charge comes to about Rs. 4/- per candy i.e., about Rs. 2/- per cotton bale. Similarly in case of Bavla the freight rate is Re. 0-4-1 per B. maund and the total freight charge comes to Rs. 2-9-0 per candy of cotton to which carting charge from station to mills should be added. Compared to this, the total charge for lorry transport comes to Rs. 3/- per candy. Adding the Terminal Tax of Rs. 1-4-0 per candy, the total lorry charge comes to Rs. 4-4-0 per candy i.e. Rs. 2-2-0 per bale. It will be apparent from this that the road transport charge and the railway freight charge are somewhat parallel and comparable. We wish to point out that in these cases the lorry transport is resorted to as the wagon supply is not adequate.

Q: 23. We are glad to note that the Enquiry Committee are aware of the need to give relief in the freight charge for commodities like coal moving over long distance. We have discussed in some detail in Introduction Part II, the problem of coal freight for centres like Ahmedabad and the extent of relief required and have made suggestions for that purpose. A reference is therefore, invited to Introduction Part II. The following paragraph which contains our suggestions is however reproduced for special attention:—

“(viii) We have examined the various stages of the history of coal tariff since 1938. This examination reveals that coal has always been recognised as an important commercial commodity and has been accorded separate treatment from the general classification. It is an needless to emphasise the importance of cheap and economic coal as it forms an essential fuel for all industries. The present coal tariff requires review and in order to lighten its burden especially on major industries like the Textile Industry which consumes considerable quantity annually the tariff should be restored to 1948 level as shown in the above table. Alternatively the system of rebate on long distance tariff should be introduced. This will give some relief to industries which are remote from coal-fields and which are specially affected by coal tariff. The coal tariff has exceeded the limits of reasonableness (*i. e.* beyond what the traffic can bear) and as we have discussed in the principles of rating, this consideration is of vital importance.”

It will be apparent from the above that the suggestion for granting relief in freight charge in case of commodities like coal by way of rebate in case of movement over certain mileage is rather more practical than the remedy suggested, *viz.* ‘Freight Pool.’ The system of rebate was actually in operation for some time and it had worked satisfactorily. We, therefore, feel that the system should be reintroduced and should cover some of the important commodities like coal, etc.

The proposal for creating a freight pool for commodities moving over long distance can only be studied if the details of the scheme and the revenue statistics are furnished. The total freight revenue derived from a commodity, total distance and mileage covered by the commodity, Railways’ cost for short-

distance and long distance haulage—these are some of the important factors and considerations which should be examined before a scheme can be evolved. In absence of such information, we are unable to make any observations on the proposal.

Q: 24. We are not concerned with the subject matter of the question and are also not in possession of the relevant data and as such we have no comments to offer.

Q: 25. In reply to our Q: 23 we have indicated our view point regarding creation of freight-pool, to which a reference is invited.

Q: 26. In Introduction Part I, we had discussed the functions of Railway and its role in the economic and industrial development of the country. We have also pointed out how the freight policy should be adjusted for the object of furthering the economic and industrial development of the country.

In our opinion, Railways have to play an important part in the economic development of the country and the rates policy and structure should be so framed as to help to achieve this purpose. This function should be recognised as one of the important principles of rates policy and due consideration should be given to it while evolving rate structure. Modification of the structure to a lower level and provision of special rates and concessional charges in case of important commodities would be the main steps. It may be noted that if cheap transport is not provided by the Railway, the industrial and economic progress of the country is likely to receive a very serious set-back.

Q: 27. In our discussion on the freight charge for Indian Cotton, which is procured by Ahmedabad Mills from short distance places, we have made a reference to the levy of short-distance charge which has increased the freight of Indian Cotton. In view of the adverse effect of this charge on the cotton traffic, the matter was brought to the notice of the Western Railway Authorities, emphasising the necessity for granting relief in cotton freight to Ahmedabad mills which consume cotton in large quantities as raw material. The authorities were requested to quote station-to-station rates for cotton omitting the short distance charge, in order to afford relief to the Ahmedabad Industry in transport charges of its raw material. The authorities, however, did not accede to the request taking their stand on the argument of increase in the operating cost and price level. In regard to removal of short distance charge the authorities have argued as under:—

“In that communication, the Board made it clear that ordinarily the levy of the short distance charges cannot be considered to have caused or to be causing undue hardship to the Trade. What was meant to be conveyed was that in cases where the incidence of the short distance charge on regular short haul traffic moving in appreciable quantities was found to be unduly heavy so as to hamper the free movement of traffic, railways were empowered to forego the short distance charge either fully or in part when consider-

ing request for reduced station-to-station rates."

"The Railway Administration would, therefore, welcome any representations from members of your Association provided that the incidence of the short distance charge on such traffic is operating to the disadvantage of the seller of the product transported by the rail."

(Vide Chief Commercial Superintendent, General Office, (Commercial Branch), Bombay's letter No. C. 493/2/19 dated the 5th September 1952).

We feel that this provision of waiving the short distance charge in full or part has remained only on paper and it would appear that the Railway Authorities are never convinced of such necessity. The case of cotton purchased by Ahmedabad Mills from the surrounding places was a fully deserving one and would have justified the relief, if granted. We, therefore, urge the Enquiry Committee to give full consideration to this specific case and recommend necessary relief, either by providing special rates or removal of short distance charge.

Q: 28. We have pointed out in the Introduction that the adverse effect of the revised freight structure with came into force from 1948 was immediately felt by the Trade and Industry of the country. The Railways, however, further increased the rates of some commodities in subsequent years in an *ad hoc* manner. Coal is an exam-

ple which met with such treatment. Besides, when the new structure was introduced some special rates and concessions were continued, but subsequently they have been withdrawn without any proper justification. The case of Imported Cotton transported from Bombay to Ahmedabad is a relevant one. Thus, the new rates structure and the subsequent changes in it adversely affected the Trade and Industry in as much as it resulted in increasing the charges considerably. Naturally the commercial community requested the Railway Administration for a review of the position with a view to afford relief in the freight charges on some of the important commodities. The freight charge for coal, cotton and cotton piece-goods specially affected mills of Ahmedabad centre and on several occasions Memoranda were submitted to the authorities for relief in the freight charges on these commodities. We have already referred to these problems briefly in Introduction Part I and have discussed them at length in the Introduction Part II.

The representations and requests made by this Association from time to time for reduction in freight rates or relief in freight cost were on each occasion turned down by the Railway Board and the authorities of the Western Railway. The general arguments put forward by the authorities can hardly be considered convincing when circumstances of the case warranted and fully deserved some relief. For information of the Enquiry Committee we reproduce hereunder the relevant communications received from the Railway Authorities in reply to the Association's Memorandum.

*Copy of letter No. 4917-TC dated the 18th December 1953 from the Assistant Director, Traffic Government of India Ministry of Railways (Railway Board) New Delhi, addressed to the Ahmedabad Millowners' Association.*

Sub: Freight rate on coal.

"With reference to your letter No. 5790 dated the 4th November 1953, I am directed to state that the matter has been carefully considered but the Railway Board regret that they are unable to see any justification for a reduction in the existing rates for coal which are already low and uneconomic.

2. As Explained at the time of the presentation of the Railway Budget for 1952-53, coal rates in force prior to 1-4-52, were very low and uneconomic and involved the railways in a considerable loss of revenue. The 30% increase effected with effect from 1-4-52 was intended to reduce

that loss. There is no evidence to show that the revised rates introduced with effect from 1-4-52 is hampering the free movement of traffic.

3. As regards the rebate previously allowed on coal booked to textile and certain other industries, I am to state that as the grant of this rebate laid the Railway Administrations open to a charge of undue preference under Section 28 of the Indian Railways Act, the rebate was withdrawn. It is, therefore, not possible to reintroduce this rebate on coal booked to textile industry."

*Copy of letter No. 4917-TC dated the 25th November 1954 from the Assistant Director, Traffic Railway Board, Government of India, Ministry of Railways, New Delhi addressed to the Ahmedabad Millowners' Association.*

Sub: Freight rates on coal.

"With reference to your letter No. 6778 dated the 16th October 1954, I am directed to refer you to Railway Boards' letter No. 4917/TC dated 18th December 1953 in reply to a similar representation made in your letter No. 5790 dated 4-11-1953.

2. While the Railway Board and the Railway Administrations fully appreciate the need for providing cheap transport in the interest of the development of trade and industry of the country, it must be appreciated that there must also be a lower limit to

the level of rates and that railway freight rates must be kept at an economic level consistent with a reasonable return on the capital invested on the railways.

3. As already explained in Railway Board's earlier letter the present freight rates for transport of coal are pitched at an extremely low level.

4. The increase in coal rates has been pro rata less than the increase of more than 200 percent in the working costs of railways.

Also it could not have escaped your attention that the increase in the freight rates for coal has been substantially less than either the increase in the coal prices or the

increase in the selling price of the products manufactured by your members.

5. After a full consideration of all the aspects of the matter, I am directed by the Railway Board to state that it is not possible to consider any further reduction in these rates.

6. As regards your suggestion that a uniform rate for transport of coal be fixed to all textile centres irrespective of their distance from the coalfields, it has to be pointed out that apart from other objections, such a course will result in contravention of Section 28 of the Indian Railways Act which prohibits undue preference and undue prejudice."

*Copy of letter No. 2972-TC dated the 8th May 1954 from the Assistant Director, Traffic, Railway Board, Government of India, Ministry of Railways, addressed to the Ahmedabad Millowner's Association, Ahmedabad.*

Sub:—Freight rate on coal.

"In continuation of the Railway Board's letter No. 2972-TC dated 16-2-1954, I am directed to state that the points raised by your Association have duly been examined, and am to reply as under *seriatim* :

(i) *Revised Rating Structure.*—The revised rate structure was introduced in 1948 not only with a view to achieving simplification and rationalisation, but also to meeting the increased cost of Railway operation. In effecting the revision, however, the increases made were generally very moderate as compared with the sharp increase in the index of commodity prices and the working costs of Railways. The average freight per ton mile over Class I Railways in 1952-53 has recorded an increase of about 90% as compared with 1938-39. As against this, there has been an increase of 294% in the general index of wholesale prices in India and about 239% in the working costs of Railways during the same period.

(ii) *Increase in rates for coal.*—The attention of your Association is invited to the Railway Board's letter No. 4917-TC dated 18-12-53 wherein it was explained that the increase in the coal rates effected in the year 1952 was only intended to reduce the loss sustained by Railways in carrying the traffic at low and uneconomic rates.

(iii) *Increase in freight rates for cotton and cotton piece-goods.*—From the statements furnished by your Association it is observed that the percentage increases in the rates for cotton and cotton piecegoods are generally moderate as compared with the increase in the wholesale index price level of cotton manufactures, which is nearly 400%. There is no evidence to show that the revised rates have hampered free movement of traffic. The increase in the textile production in the country also bears ample testimony to the reasonableness of

the railway rates structure as a whole.

(iv) *Review of the Rating Structure.*—The new rates structure has been in operation for the last 5½ years and the Railway Board have had no factual material to suggest that there is any case for a further revision in so short a time. It may also be pointed out that only 16 cases of alleged unreasonableness of rates or undue preference have so far been referred to the Railway Rates Tribunal during the last 5 years of its existence. This fact clearly establishes that there is no need for a review of the rates structure as suggested."

It would be apparent from the above that the Railways do not dispute or refute the correctness of the cases complained of. They have simply attempted to justify the increased freight charge on general grounds and on considerations of the revenue aspect. We, therefore, urge the Enquiry Committee to study and review the position and make a recommendation for grant of relief in all deserving cases like those referred to by us.

Q: 29. We have already discussed the adverse effect of revised structure in the introduction on the Industry and Trade of the country in general and in case of commodities like coal, cotton, cotton piece-goods which constitute problems for Ahmedabad Industry in particular. We will, therefore, indicate the position here only briefly :

Under the revised freight structure, the following changes were made :

- (1) Reclassification of the commodities ;
- (2) Increase in the level of class rates ;
- (3) Abolition of station-to-station rates and special rates ;
- (4) Increase in rates of additional charges like short-distance charge ;

The combined effect of all these changes was enhancement in the freight charges of



all traffic and all commodities. Increase in the class rates and removal of station-to-station rates affected every industry and trade. As regards industrial development and the effect of revised structure thereon, we would like to point out that the adverse reaction of the heavy freight structure on industrial development may not be so much apparent at the present stage but the harmful effect would be definitely manifest in future, since the development is progressing under measures of protection and assistance adopted by Government of India in other directions.

So far as the Textile Industry of this centre is concerned, we would again indicate briefly hereunder the extent of relief required in freight charges:—

- (1) *Coal*: The coal tariff should be resorted to the 1948 level or in the alternative an adequate concession or a rebate should be provided for.
- (2) *Indian Cotton*: The short distance charge should be removed and special station-to-station rates should be provided.
- (3) *Imported Cotton from Bombay to Ahmedabad*: The special rate from Bombay to Ahmedabad for imported cotton should be reintroduced and it should be fixed at a reasonable level.
- (4) *Textile Machinery and Stores*: If possible a separate Tariff group should be provided for these items under the general classification and they should be placed in a lower class.
- (5) *Cotton Piece-goods*: This item should be placed in a lower class in view of its importance to the consumers and to the export trade of the country. Special station-to-station rates should be provided for chief destinations like Calcutta, Delhi, Madras, Amritsar which are important markets for cloth manufactured by mills in this centre. Besides wagon load scale should be provided for cotton piecegoods.

Q:30. As we have already pointed out provision of station-to-station rates and special rates should form an integral part of Railway rates policy and structure. This provision will go a long way in relieving the freight burden imposed under the new structure. In our opinion, station-to-station rates are most essential for local trade and movement of raw materials. It is one of the important functions of the Railways to foster the economical and industrial development of the country. Railways have to discharge this function by providing a system of transport for certain industries and branches of trade, with special rates and concessions for their development at economic level. Even under the Company management this function was well-recognised and was suitably implemented in all deserving cases. This is an essential function of the Railways and if it is not implemented in all proper cases the progress of industrialisation and economic development of the country will be hampered considerably. We would point out that the sphere of special rates should be wide enough to cover all industries both the existing and the new ones. Important commodities and raw materials required by

every industry should be governed by special rates. Thus, the purpose of special rates should be three-fold as under:—

- (1) Development of new industries.
- (2) Assistance to Export Trade.
- (3) Relief for traffic of important commodities and raw materials required by established industries.

We are of emphatic opinion that provision of station-to-station rates or special rates should be an integral part and permanent feature of the rate structure. However, a provision for periodical review may also be made provided such review would be warranted by circumstances. The onus of proving the necessity of a review should of course be on the Railway.

Q:31. This question deals with most fundamental problem, viz. Railway Freight Rate Policy. We have already discussed the subject in detail in our introductory observations on 'Functions of Railway' and 'Railway Rates Policy'. A reference is therefore invited to Introduction Part I. We would, however, briefly recapitulate the remarks in reply to this question.

*Functions of Railway*: Before we indicate the important features of the Rates Policy, it will be relevant to refer to the essential functions of Railways since the rates policy is instrumental in the discharge of these functions.

There are two essential functions, viz. (1) providing a system of transport to the country at cheap and reasonable rates and (2) a rates policy conducive to the industrial and economic progress by providing special rates and concessions in all deserving cases.

*Rates policy*: So far there has been no systematic attempt to study the intricacies of Railway Rates and evolve a National Policy consistent with the economic interests of the country. As we have already indicated, the bulk of the goods traffic is carried by the Railway. In view of the scope and importance of the Railways, the Rates Policy has a vital influence on the development of the industry and trade. The question of passengers' fares has remained under constant watch and attention of the Government and the Legislature, but freight rates have not received due consideration. The first attempt towards systematisation of the freight structure was apparently made at the time of revision in 1948. It was, however, more or less in the direction of simplification, just to remove much of the existing confusion. But it was not a real attempt for evolving a national rates policy to serve the economic interests of the country. It is claimed that this revision was made on 'Commercial principles'. But it must be pointed out that these so called principles may be considered 'commercial' only in the sense that the structure based on them has fetched more revenue to the Railway. It is, therefore, essential that the Railway Enquiry Committee should enunciate principles which would govern and control a national rates policy.

We may now examine some of the important principles and basic considerations which should go to form a national rates

policy. It is not necessary to enter into theoretical discussion of the subject, but we shall confine ourselves to some practical aspect of the problem. No one can deny the need for the Railways to earn adequate revenues with a view to meeting the cost of service. At the same time, it is equally essential to see that the incidence of rates does not hinder but on the other hand promotes the capacity of industries and further develops Indian Trade internally and externally.

Another important principle is that special rates and concessions should form an integral part of the rates policy, in order to assist the economic working and progress of Industry and Trade. The statutory provision under the Indian Railways Act, viz. Section 28 should be altogether deleted or suitably modified.

Next important principle is that rates and charges should be reasonable. 'What the traffic can bear' is a vital consideration and basis for a national rates policy. Because there is sufficient and satisfactory traffic in a certain commodity, it should not be taken as a testimony for the reasonableness of a higher charge for that commodity, since as a matter of fact, the transport capacity and availability often fall short of the traffic requirement. For proper observance of this principle, the condition of the Industry and Trade concerned and the effect of the freight charges of the commodity should be thoroughly investigated.

In this context, we subscribe to the observations made by the Federation of Indian Chambers of Commerce and Industry, New Delhi, on the subject, which are reproduced in Introduction Part I.

We have indicated above the important principles of rates policy and we firmly believe that if the policy is wholly based on these principles, it will be a "National Rates Policy" in the real sense of the term.

Q: 32 & 33. We do not favour any distinction being made between established industries and new industries for the purpose of freight structure. The general policy should be uniformly applicable and the freight structure should be evolved consistently with this policy.

Q: 34. We do not agree with the proposal for recovering charges on inflated mileage basis for lightening the burden of new projects and construction. In our opinion, it is the essential function of the Railway to provide services to all parts of the country, and expansion is necessary to discharge the function. Expansion programmes and new projects should be financed by raising loan capital or from other resources but they should not be provided from current revenue. Every expansion programme will no doubt, be unremunerative in the initial stage but in course of time when the area served by the expansion will be developed, it will repay the railway in terms of regular increased traffic.

Q: 35. We have already discussed the important principles of freight policy in our reply to Q: 31, which may please be referred to. As we have stated, it is an essential function of the Railway to facilitate the economic and industrial development of the country and the freight policy must necessarily be suited to that purpose.

Keeping aside the question of capital investment for new projects and increase of capacity which should be financed by other sources, the freight structure may be so devised as to yield adequate revenue to meet the current expenditure or the cost of operation. The level of the structure should be, however, kept reasonable and the charges should be equitable.

Q: 36. We are of opinion that excepting capital investment for construction programmes and new projects, all other charges for improvement and service should be provided out of the current revenue.

Q: 37. We are of opinion that the Railway structure can be helpful to the development of cottage and village industries by granting concessions in transport charges for their products. Packing conditions and other restrictions may also be relaxed to a reasonable extent in case of such products.

Q: 38. When the controlled prices or ceiling prices are fixed on ex-factory basis, the charging of Railway freight does not present any difficulty. According to our information prices of most of the commodities were regulated on this basis. Sometimes the f.o.r. destination prices are fixed and in such cases some uniform standard freight charge is adopted for the purpose. In our opinion, the policy of regulation of prices would not affect the charging of freight rates, particularly, where the prices are quoted ex-factory.

Q: 39. Since we have no information regarding the commodities which are carried at rates below the cost of transport, we refrain from making any comments in the matter. However, if such treatment is justified by the condition of the industry or the trade concerned and other relevant factors, it may be continued. We do not believe coal is considered such a commodity. If so, reference is invited to our discussion on coal tariff in Introduction Part II.

Q: 40. It is a fact that in course of next few years the traffic requirements will increase due to industrial and economic development and expansion and the Railways will be required to expand and augment their transport capacity which will involve them in increased expenditure. Assuming that this would be the position, the scope for increased revenue on account of additional traffic should not be lost sight of, and we are of opinion that this additional revenue will off-set the expenditure to a large extent.

Q: 41. The freight rates for export commodities should be such as to provide encouragement and assistance to the export trade since cheap freight rates will maintain the competitive level of export prices. The fluctuations in the export market should be kept under constant watch and adjustment of freight rates should be ensured and effected with promptness.

Q: 42. In the post-war period, the pattern of traffic has changed to some extent on account of (1) the partition of the country, (2) development of new industries, (3) increased capacity and expansion of established industries and (4) growth of export trade. We will examine the effect of these factors so far as the Cotton Textile Mills of this centre are concerned.

Compared to previous years, the coal consumption has steadily increased owing to efficient working and utilisation of electricity on an increasing scale. Formerly the annual consumption of coal by Ahmedabad mills was approximately 6 lakhs tons, whereas the present day consumption is about 4½ lakhs tons. There is another point which we wish to point out here in connection with coal traffic. As we have indicated elsewhere in this memorandum, 70% of the total coal consumed by Ahmedabad mills is supplied from Central Indian Coal Fields and only about 30% from the Bengal-Bihar Coal-fields. The position was somewhat different in the earlier years and a large quantity was received from Bengal-Bihar Coal Fields. This change may be accounted for by the introduction of distribution control and secondly by the increased freight charge involved in the longer route.

The partition of the country has mainly affected the traffic of cotton consumed by Ahmedabad Mills. When the supply of cotton grown in Pakistan area was stopped, the effect was two-fold (1) increased use of cotton grown in surrounding districts and (2) greater imports of foreign cotton. This was necessary to replace the quantity which was formerly procured from Pakistan areas. The partition also affected the traffic of cotton piece-goods for which the Pakistan areas were formerly a good market for this centre. Traffic to that extent has been diverted to other parts of the country. There are other two points to be noted in connection with the traffic of cotton piece-goods: (1) the increase in over-all production and (2) growth of export trade in cotton piece-goods.

The establishment and development of new industries in the country for the manufacture of chemicals and stores has also changed the pattern of traffic. Formerly, chemicals like Caustic Soda were imported in large quantity but with the development of indigenous industry, the imports have been reduced to a considerable extent. Similarly is the case with other articles used by the Textile Industry like Starch, Soda Ash, Bobbins, etc. whose imports have been curtailed in view of indigenous production. This would indicate the change in the traffic of these commodities.

Q: 43. We have already examined and discussed the adverse effect of the revised structure on industrial development. We have pointed out that the adverse effect is not apparent at the present stage since the progress is going on by protective measures in other directions, such as tariff protection, import regulation etc. It cannot be denied that if the freight rates were cheaper than what they are at present, it would certainly accelerate the pace of development.

Q: 44. The general practice of Ahmedabad Mills is to sell their products at ex-factory prices to the local commission agents or brokers. We are, therefore, not in a position to furnish the information called for under this question.

Q: 45, 46 & 47. Since we are not concerned with the subject matter of these questions, we refrain from offering any comments.

Q: 48 to 53. The framework of the Second Five Year Plan lays greater emphasis on the development of public sector and on the establishment and development of basic heavy industries in the industrial field. The Plan is formulated with the following objectives:—

- “(1) To attain a rapid growth of the national economy by increasing the scope and importance of the public sector and in this way to advance to a socialist pattern of society;
- (2) to develop basic heavy industries for the manufacture of producer goods to strengthen the foundations of economic independence;
- (3) to increase the production of consumer goods as much as possible through the household or hand industries and to provide an adequate market for the products;
- (4) to develop factory production of consumer goods in a way not competitive with hand industries;
- (5) to increase productivity in agriculture and to speed up agrarian reforms with an equitable distribution of land to peasant cultivators so as to stimulate the increase of agricultural production and of purchasing power in rural areas;
- (6) to provide better housing, more health services and greater opportunities for education especially for the poorer sections of the population;
- (7) to liquidate unemployment as quickly as possible and within a period not exceeding ten years;
- (8) and as the result of such measures, to increase national income by about 25% over the plan period, and achieve a more equitable distribution of income”.

The development of heavy industries under the plan is indicated as follows:

**Heavy Industries:** In the long run, the rate of industrialisation and the growth of national economy would depend on the increasing production of coal, electricity, iron and steel, heavy machinery, heavy chemicals and the heavy industries generally which would increase the capacity for capital formation. One important aim is to make India independent, as quickly as possible, of foreign imports of producer goods so that the accumulation of capital would not be hampered by difficulties in securing supplies of essential producer goods from other countries. The heavy industries must, therefore, be expanded with all possible speed.

The new producer goods industries would be developed mainly in the public sector. The private sector would continue to play an important part in the development of basic industries like cement, chemicals etc.

The heavy industries being capital intensive would, however, give relatively little scope for employment: and would also generate a large demand for consumer goods which they themselves would not be able to supply.”

The scope and role of private sector is indicated as under.

"A large majority of the population would be engaged in household production, agriculture, hand industries and in various services which would continue to remain private.

As the planned demand would have to be matched by the planned production, it would be necessary for the private sector to conform in a general way to the overall programme of production as provided in the plan. The private sector would be helped by the Government with the supply of credit, raw materials and marketing facilities to undertake production in accordance with the plan.

Inducements (such as tax exemption or preferential permission for capital issue) would be given to channel the profits of the private sector into desirable forms of investments in both private and public sectors or in Government bonds and securities.

The private sector would enjoy the advantages of an assured and a growing market in an expanding economy, and thus of reduced risks and uncertainties."

The draft plan for the Bombay State just published by the Government of Bombay envisages a plan of rural development and irrigation projects. The proposed plan makes allocations to various heads as under from the total estimate of 283 crores:—

<i>Heads.</i>		<i>(Figures in Crores)</i>	
Agriculture and Rural Development	...		26
Irrigation and Power	...		126
Industry	...		9
Cottage Industries	...	4.20	
Other Industries	...	4.80	
Transport	...		22
Social Services	...		54
Community Projects	...		45
		Total:	282

The frame work of the National Plan and the Bombay State Plan indicate very limited scope and development in the private sector of the Textile Industry. Since we are concerned with the textile industry, we would consider its position and prospective

development. Textile Industry of the Bombay State has an ambitious Plan for increased production and expansion and they consider the following as possible targets to be attained by the end of Second Five Year Plan:—

*Total production of cloth 10,000 Million yards to be produced as under:—*

The Cotton Mill Sector	...	7,800 Million yards.
The Handloom Sector	...	2,000 Million yards.
The Powerloom Sector	...	200 Million yards.

#### *Productive Equipment:*

Spindles	...	15.5 million (11.9 existing + an addition of 3.6 million)
Looms	...	298,000 (208,000 existing + an addition of 90,000).
Finance required	...	Rs. 100 crores for rehabilitation and Rs. 133 crores for new equipment.
Cotton	...	Annual production of 6065 lac bales.

The Textile Industry of the Bombay State represents 50% of the total equipment capacity in the country. Naturally the Cotton Textile Mills of the Bombay State will have their share in the total increase in output. To that extent the traffic requirements of the mill industry of this region will increase, particularly, in consumption of cotton, chemicals and other stores. In view of the increased production, the traffic of cotton piece goods will also expand.

The Industry's Plan is no doubt an ambitious prospect but from the present trends

it appears that the targets are capable of realisation.

Q: 54 & 55. We have already discussed the question of Rates Policy and structure in Introduction Part I under the heading 'Railway Rates Policy: Principles and Considerations, I. A reference is accordingly invited to Introduction Part I. We have also indicated our suggestions wherever possible in reply to various questions.

## PART I-B.

## ANNEXURE V

Q: 1. It is difficult to give any exact data on these points as the weight of principal raw material *viz.* Cotton and Fuel *viz.* coal required to produce a stated weight of yarn or cloth would be dependant on a number of varying factors. Thus the quantity of yarn produced from a pound of cotton would vary according to the type of cotton used, counts spun, the percentage of waste and short fibres extracted in carding and combing processes. The weight of yarn will be reduced to some extent in weaving process. The weight of yarn contained in a piece of cloth will further be reduced under the effect of different processes like bleaching, dyeing, mercerising, etc. carried out on it.

Similarly the quantity of coal consumed to produce a pound of yarn or cloth would depend on the quality of coal consumed (*viz.* its calorific value, Ash contents etc. the type and age of boilers used for generating steam, the type and age of prime mover and the different processes carried out on the grey cloth to turn it into a finished marketable product.)

Q: 2. The total production of cotton piece-goods by the Ahmedabad Cotton Textile Mill Industry during the respective years was as under:—

Year	Production in million yards	Remarks
1938-39	1098.9	
1947-48	1110.8	
1952-53	1123.5	
1953-54	1118.5	
1954-55	1162.7	

It may be noted that the increase in the level of production is due to several factors important of which are expansion of productive capacity, manufacture of particular qualities etc.

Q: 3. In normal circumstances, the effect of upward revision of freight structure would be the diversion of traffic to short distance places. As far as the Ahmedabad Cotton Textile Mill Industry is concerned, the adverse effect of the increase in freight charge of cotton piece-goods is not seen in a tangible form so far as diversion is concerned but, all the same, it has affected the competitive position of this Centre in important markets of the

country. As regards cotton, as stated in Introductory part, Ahmedabad mills consume large quantity of imported cotton which they have to import through the port of Bombay. The consumption of Indian cotton is to a large extent dependant on the crop position of a particular type of cotton and the demand for various types of cloth. However, the substantial part of the indigenous cotton consumed by Ahmedabad Mills is procured from the adjoining Districts and the revision in freight for short-distance has imposed a heavy burden on the Ahmedabad Industry. Further Ahmedabad Mills are situated at a long distance from coal fields. The heavy increase in freight on coal would naturally result in consumption of electrical energy on a larger scale or preference for coal fields situated nearer. There is greater off-take of electric energy at present than the former years and coal from Bengal-Bihar coal fields is of superior quality, suitable in consumption and cheaper in price and although preferred by mills for these reasons, still on account of its heavy freight amounting to Rs. 22/- or so per ton mills have to forego their choice for this coal. Of course, in both these cases, there are other limiting factors.

Q: 4. *Raw Cotton* : Ahmedabad Mills consume annually about 2.75 lacs bales of imported cotton and the same are received through the port of Bombay. Substantial portion of the Indian Cotton consumed by the Ahmedabad mills is received from the adjoining Districts, which are situated mostly within a radius of 100 miles. Varieties of cotton of the imported type are being grown in various parts of the country and the Ahmedabad mills get part of their requirement of cotton from various other States *viz.* Madhya Bharat, Hyderabad, Punjab and Madras.

*Coal* : 30 per cent of coal consumed by Ahmedabad mills is received from Bengal-Bihar Fields while balance *i.e.* 70 per cent is received from Central India coal fields.

*Cloth* : At present despatch of C.P. goods is dependant on the availability of rail movement facilities to various centres. The general trend of despatch of C.P. goods from Ahmedabad Centre to various zones in the country during the current year is as under :

STATE	Percentage of bales despatched (on basis of 5,94,416 standard bales despatched from Ahmedabad during February to October 1955)
1. Bombay including movement to C. C. B. for export	16.2
2. Uttar Pradesh	15.0
3. West Bengal	14.0
4. Delhi	8.0
5. Bihar	7.4
6. Rajasthan	5.7
7. Madhya Pradesh	5.5
8. East Punjab	5.5
9. Madras	4.4
10. Andhra	3.6
11. Hyderabad	2.4
12. Madhya Bharat	2.3

STATE	Percentage of bales despatched (on basis of 5,94,416 standard bales despatched from Ahmedabad during February to October 1955)
13. Saurashtra	2.1
14. Assam	1.9
15. Mysore	1.7
16. Pepsu	1.1
17. Orissa	0.8
18. Kerala	0.6
19. Madhya Pradesh	0.4
20. Ajmer Marwad	0.5
21. Cutch	0.4
22. Bhopal	0.3
23. Coorg, Jammu and Kashmir, Manipur, Pondicherry, etc.	0.2



Q: 5. Except a very small quantity of cotton which is received by road in lorries from adjoining centres due to non-availability of booking facilities, the entire quantity of cotton is received by Ahmedabad Textile mills by rail.

Q: 6. Except a very small quantity of cloth which is retained in Ahmedabad City for local consumption, the entire quantity of cloth manufactured by Ahmedabad Textile Mills is despatched by rail. The average monthly despatches of C.P. goods from Ahmedabad in 1954 were 64,639 packages.

Q: 7 (a). In the year 1938-39 due to general trade depression the average price of Indian cotton had touched a low level. However, during the war period, the prices shot up and the Government had to intervene by fixing floor and ceiling prices of various types of Indian cotton. In the post-partition years, there was severe shortage of Indian Cotton and the Government, therefore, continued to fix the floor and ceiling prices of various types of Indian cotton under the Cotton Control Order and the same method of control of cotton prices is being continued at present with suitable variations according to the year's crop position. The prices of Indian Cotton during these specific years have always fluctuated under the influence of a number of factors.

Ahmedabad Mills consume large quantities of imported cotton, the prices of which vary from year to year. Further the quantity of various types of imported cotton viz., Egyptian-Sudan, East African, American etc. consumed by Ahmedabad Mills increase or decrease according to their prices in different years.

Hence, the average price of cotton consumed by Ahmedabad mills would vary from year to year. In our opinion, any comparison of the price trend of cotton with freight structure would be quite misleading. As we

have pointed out in our replies to the main questions, cotton is the most important and principal raw material for the Cotton Textile Mills in Ahmedabad Centre and hence it deserves a special treatment in fixation of freight for its transport.

(b). Ahmedabad Cotton Textile Mill Industry is manufacturing a wide range of varieties of cloth. The varieties of cloth manufactured by mills are changed from time to time on account of the availability or non-availability of a particular type of cotton and its price and also to cater to the tastes of the consumers. Further, the Ahmedabad mills which specialise in production of finer varieties of cloth have in the post-war years installed a number of latest types of plants for processing of cloth such as mercerising and sanforising. The proportion of dyed and printed goods produced by Ahmedabad Mills have considerably increased in recent years. Further, cotton is the principal item of cost in production of cloth and as pointed out in reply to Q: No. 7(a), its average price so far as Ahmedabad Industry is concerned varies considerably from year to year. Consequently, the average price of cloth manufactured by Ahmedabad industry would vary from year to year. In evolving a scientific freight structure, we believe that the fluctuation in prices of products moved should not be a criterion for freight charge or its reasonableness. As we have already suggested, vide answer to Q: 29, Part. I-A, this item should be placed in a lower class in view of its importance to the consumers and to export trade. Special competitive rates should be provided for destinations which are at long distance and wagon-load scales should be introduced for this item.

Q: 8. We have already furnished figures of zone wise despatches of C.P. goods from Ahmedabad, vide our reply to Sub-Question 4 above and it is not possible to give any further data.

## PART II

### GENERAL.

It appears that this part of the questionnaire is mainly intended to collect information from the Railway Administration. We would, therefore, confine our discussion only to certain aspects of the subject. The existing provisions of the Indian Railways Act, 1890, imposed a very restricted liability on the Railway as Carrier of goods. As a matter of fact, in our opinion, the responsibility of the Railways for the goods they carry from one place to another must be complete and any loss or damage to the goods should be adequately compensated. The position of Railway should not be considered as equal to that of a 'Bailee' as provided under the present law. Once the goods are accepted by the Railway for carriage from one place to another, it automatically undertakes a risk and responsibility for delivering goods to the consignee at the destinations in same condition. The provision of law must impose complete responsibility on the Railway for full delivery of the goods carried by them. Any loss or damage caused in whatever manner while the goods are in charge of the Railway, i.e. before they are delivered to the consignee at the destination must be fully compensated by the

Railway. Most of the present class rates are fixed on the Railway risk basis and it is implied that the responsibility of the Railway is complete when they charge these rates. It may be noted here that sometimes private insurance is resorted to by the trade and industry although the responsibility of the risk lies with the Railway. This indicates that the business community does not feel assured whether the Railway will discharge the risk in as prompt and satisfactory a manner as is done under private insurance arrangement.

We have indicated this as a general principle although it may not be possible to completely observe it in actual practice.

Turning to the question of settlement of claims by the Railways, it is an undisputed fact that the present system of settlement and disposal of claims is not found to be satisfactory since claims remain pending for a long time and sometimes the parties have to resort to legal proceedings. We would, therefore, like to suggest that a time limit should be fixed during which, if a claim is not disposed of, it should

be compensated by the Railway to the extent applied for. This will tend to minimise the delay which often takes place, in disposal of claims. We would also further suggest that decentralisation should be introduced in the system which at present functions at the Head Quarters only. Claim offices should be opened at the District and Divisional level and District and Divisional Officers should be empowered to entertain and settle claims upto certain limits. Looking to the expansion in the volume of traffic that has taken place and will further take place in future this reform is very important and should be introduced.

Now we would refer to the practice of trade in booking of commodities. The traders would normally book such commodities at Owners' Risk Rates where they have insured the goods privately or where they find the chances of pilferage and breakages are less. According to our information, it is the general practice that items of hardware, stores, articles such as pickers, buffers and leather belting etc. are booked at Owners' Risk. Chemicals are normally booked at Railway Risk. The cloth bales are usually booked at the Railway Risk Rate. Further traders when importing from abroad have insurance facilities provided upto the mill godown. In spite of that certain articles like chemicals, colours, glass articles are booked at the Railway Risk. The Traders also prefer to book at the Railway Risk in spite of private insurance when chances of leakage and pilferage as well as deterioration in transit are many and where the value of such articles normally exceeds Rs. 500/-. It appears to be the experience of the Trade that where the goods are booked at the Railway Risk and where the value of such articles exceeds Rs. 500/-, it takes fairly a long time to settle the claim with the Railway Authorities. In view of it, especially in the post-war period, the traders have normally adopted the practice of providing private insurance wherever possible and book the goods at Railway Risk only when it is compulsory under the Tariff Regulations. It may be noted that at times it becomes very difficult to prove deterioration in quality owing to delay in transit and in such instances, it is almost impossible to get the claims settled by the Railway Administration in spite of the goods having been booked at the Railway Risk. Incidentally we may here mention that it is the experience of the trade that the Railway Authorities do not allow traders to make entries in the book as they intend to make after checking the consignment. This may be considered as arbitrary on the part of the Railway and should be discouraged.

Before we conclude this part of our discussion on the subject we would like to bring to the attention of the Railway Freight Structure Enquiry Committee the problem of coal traffic *viz.* the loss and pilferage of coal in transit and at the Railway yards, which has become a regular feature for some years. Not a single consignment or wagon of coal is received with full contents at the destination, nor the contents are complete in weight when the goods are lifted by the consignee from the Railway Yard. This loss or shortage of coal amounts to as much as 7½% to 10% and this is a common experience of mills in this centre. The Railway Authorities even at the highest level

are fully aware of this position regarding pilferage of coal. It is well known that the loss in transit in case of coal consignments is not due to natural forces or causes but due to pilferage during transit at some weak points. This loss is not compensated by the Railway and the consignee have to bear the loss although the Railway recovers the freight charges for the full weight shown in the Railway Receipt or the carrying capacity of the wagon. In our opinion the Railway should be held responsible for such shortage and the consignee should be compensated for that loss. In this connection, we would like the Enquiry Committee to refer to the Report of the Railway Corruption Enquiry Committee. We, therefore, strongly urge that the Enquiry Committee should make suitable recommendations in this behalf so that Railways are made responsible for loss sustained in transit and at the yard.

These are our general observations on the subject of Railway's responsibility as Carrier of goods and we trust our suggestions would receive due consideration by the Enquiry Committee.

Now we give hereunder answers to the questions of this part.

Q: 1 to 3. We have already indicated briefly the normal trade practice in regard to booking of commodities in the introductory remarks and a reference is invited to the same.

Q: 4 to 6. The information required under these questions can be conveniently furnished by the Railway Administration. We have already indicated our view-point in the Introduction to this Part on the present system of claim settlement and the extent of reform required.

Q: 7. In absence of information and necessary data regarding the claims made and settled after the additions of the new provisions under Section 74A to 74E, we are not in a position to reply to this question.

Q: 8. The scope of owners' risk rates should be increased and many more commodities should be covered by these rates.

Q: 9. According to the published tariff it appears that there is a limited number of commodities which are provided with owner's risk rates. It may be noted that the owner's risk rate should be sufficiently lower than the Railway risk rates.

Q: 10 & 11. We have indicated our view point in reply to Q: 8 and 9.

Q: 12. We are of opinion that the scope of owner's risk rate should be expanded and many commodities should be provided with owner's risk rates. In that case, the proposal for partial risk by Railway will be applicable in case of commodities having Railway risk rates only. It is difficult to say whether the suggestion is practicable.

Q: 13 & 14. We have no comments to offer.

Q: 15 & 16. Special packing conditions have been laid down by the Railway for cotton piece goods. Similar conditions are also prescribed by the Textile Commissioner, Bombay under the Textile Control. Both sets of conditions are reproduced below for information of the Enquiry Committee:—

1. *Conditions prescribed by the Railway.*  
Piece-goods, Cotton, Wollen, Silk or Artificial  
Silk in bales, press-packed—

No. 80-Tex/1/48 (iii) dated  
the 2nd August 1948.

- (i) When in bales and press-packed, must be packed in the following order:—

Inner: 1 layer of paper, kraft, wrapping or fents.

1 layer of light hessian, fents or chatai (palm leaf matting).

1 layer of paper packing, water-proof.

Outer: 1 layer of tarpaulin (only during the monsoon months.)

1 layer of heavy or medium hessian.

- (ii) The bales, irrespective of size or weight, must then be tightly secured under tension, with steel strappings lengthwise and breadthwise. The hoops used should be of standard gauge and should be used on all the six sides of each bale when containing dhoties, sarees, etc. A bale of piece-goods will be considered as press-packed only when it is bound with iron bands or steel strappings and is tightly compressed so as to form a solid compact package, the contents of which cannot be shifted without the removal of the binding used for sustaining the pressure.

- (iii) When packed in boxes or cases, the contents must be wrapped in thick paper and then with waterproof material. The boxes must be securely fastened, under tension, with steel strappings or steel wire lengthwise and breadthwise.

2. *Conditions prescribed by the Textile Commissioner.*—Copy of Textile Commissioner's Notification No. 9 (9)—Tex. 1/49 (1) dated the 3rd September 1949 as amended from time to time.

"In exercise of the powers conferred on me by Clause 21 (4) of the Cotton Textiles (Control) Order, 1948, I hereby direct that cloth and yarn shall be securely packed in bales or packages on all the six sides thereof as given below, starting from innermost layer:—

1 layer of paper, kraft, wrapping (inner) or Fents.

1 layer of light hessian, Fents, Chatai or Palm leaf matting.

1 layer of water-proof packing paper or Alkathene film.

1 layer of Tarpaulin (only during monsoon months).

1 layer of Medium or Heavy Hessian (outer).

**Explanations:** For the purposes of this paragraph the word "Fents" shall have the meaning assigned to it in the Textile Commissioner's Notification

The hoops used should be of a standard gauge and in the case of bales of Dhoties, Sarees and Chaddars should be used on all the six sides of each bale.

Nothing in this notification applies to Chindies, i. e. cut-pieces of cloth 9 inches or less in length.

**Note I:** Where tarpaulin is not readily available an additional layer of waterproof packing paper can be used.

**Note II:** Instead of the two layers, one of light hessian, fents or chatai or palm leaf matting and the other of the waterproof packing paper or alkathene film, a single layer of hessian lined with Alkathene may be used.

**Note III:** Where Alkathene film is used for one layer, the layer of paper, kraft, wrapping (inner) or fents need not be used."

We wish to refer here to one point regarding packing conditions of cloth bales. Although there is provision for using hoops on six sides of a bale in case of certain varieties of cloth only, the Railway Administration have insisted for this condition in case of all bales of cotton piece-goods, regardless of the type of contents. The matter was represented to the Railway Board pointing out that the provision was not necessary in case of bales of cloth varieties other than Dhoty, Sarees and Chaddars. It involved additional cost and difficulty but the Railway Board have not agreed.

**Q: 17.** We are in favour of some arrangement or scheme for storage facilities prior to despatch and after delivery. The scheme should be operated by the Railway.

**Q: 18.** As we have already indicated in the Introduction to this Part, as a matter of principle, the responsibility of the Railway should be complete from the moment the goods are accepted for carriage till delivery at the destination. The present provision for this liability being that of a "bailee" should be altered and Railway should be made responsible and should have complete liability for the safe transport of the goods they carry. Please also refer to our remarks in this connection in the Introduction to this part.

**Q: 19.** Pilferage and organised thefts of goods in transit and from the Railway Yards are going on, on a large scale and in case of a commodity like coal, as we have pointed out elsewhere, it has developed to an alarming extent. We do not wish to enter into a detailed discussion, but only like to refer to the Report of the Railway Corruption Enquiry Committee and their recommendations on the subject.

**Q: 20 & 21.** We have no comments to offer.

### PART III

### GENERAL

It is most appropriate that the Railway Freight Structure Enquiry Committee is entrusted with the task of examining the working of Railway Rates Tribunal since the question is more closely connected with the problem of the railway freight structure.

The Railway Rates Tribunal is established under the Indian Railways Act, 1890, and Sections 34 to 46 C of the Act detail the provisions regarding its constitution, jurisdiction, powers and functions. Its present headquarters are at Madras. The establishment of the Tribunal has replaced the former machinery of Railway Rates Advisory Committees which were appointed for *ad hoc* enquiries in particular cases by the Central Government. The Tribunal is now a permanent body and it is functioning for the last five years. It appears that in order to make Tribunal more effective and competent, the scope of its jurisdiction may be expanded. The rates and charges fixed by the Central Government under reserved powers (Section 42) should be also appealable to the Railway Rates Tribunal.

Before we offer suggestions for improving the working of the Railway Rates Tribunal for making it a competent body and effective instrument for adjudicating freight matters, we would like to refer to one particular point. During its career of 4 to 5 years only a limited number of complaints have been filed before the Tribunal. This has been taken by the Railway Board as an indication that the present freight structure is satisfactory. This is not the correct view. There are various reasons why only a limited number of complaints have been referred to the Tribunal, *e. g.*, excessive cost of litigation, general ignorance about the working, lengthy procedure and the distance at which its headquarters are situated from other parts of the country. These are some of the factors which are mainly responsible for the limited number of references to the Tribunal. We may here point out that many aggrieved parties are not aware that they can prefer a complaint before the Railway Rates Tribunal which is situated in Madras in South India. Again, the distance and the expenses may prevent the parties in the North India from filing a complaint before the Tribunal. It would be proper, therefore, if, instead of having a permanent office in one place and asking parties to go there, the Tribunal undertakes a regular planned tour of the country or goes to the place where the parties concerned may find it reasonably convenient to be present and argue their case. Another matter which at present deters a party to prefer a complaint is the lengthy and costly judicial process involved in the disposal of cases. The Tribunal disposes of cases on the generally accepted judicial basis which calls for the usual legal paraphernalia and it is estimated that a case costs a party anything like Rs. 25,000 to Rs. 30,000 with no certainty of the result. This, it will be agreed, is quite a prohibitive cost. Thus, the distance, the cost of the litigation and the lengthy process are mainly responsible for minimising the filing of complaints and not the responsibility of the rate structure, as assumed and argued by the Railway Board.

We set forth below our considered suggestions for improving the working of the Railway Rates Tribunal.

(1) All necessary powers and jurisdiction relating to freight matter should be vested in the Tribunal. At least the Tribunal must have the appellate powers for the matters.

(2) Its decisions and recommendations should be binding and should be strictly implemented.

(3) It is necessary to remedy the defects *viz.* the long distance, ignorance about its working, lengthy judicial procedure and cost of litigation.

We are of firm opinion that if reform is made as suggested above, it will render the Railway Rates Tribunal more effective and useful in adjudicating freight matters at reasonable cost.

Subject to the foregoing general observations, we would like to submit our replies to the questionnaire as under:—

Q: 1. (a) As we have already indicated, all necessary powers and functions relating to freight matters should be vested in the Tribunal and the Tribunal should be recognised as the Appellate authority for freight matters. Its decision and recommendations must be accepted.

(b) Yes. We agree with the suggestion.

(c) In view of what we have stated in Q: 1 (a), this does not arise.

Q: 2. We are of opinion that the present provision, *viz.* Tribunal's power to reclassify in higher class should continue and its decision in such matters should be treated as final.

Q: 3. We do not agree with the suggestion for vesting power in the Central Government to reclassify a commodity in a higher class without prior reference or approval of the Railway Rates Tribunal. This would amount to dispensing with the machinery provided by law and to compelling the Trade and Industry to approach for justice after injustice has already been done. In fact, the Railway Rates Tribunal should be the proper authority to decide such matters prior to their implementation.

Q: 4 & 5. It appears from the rules of the procedure at present in operation that the procedure adopted by the Tribunal is similar to that adopted in Civil Courts. We believe that the procedure should be simplified as far as possible with a view to minimise the delay and cost. Complaints pertaining to Railway freight should be treated on basis of an arbitration rather than strictly legal proceedings in a court.

Q: 6. It is a fact that the cost of litigation involved in a complaint being made to the Tribunal by the aggrieved party, is very high. It appears that the judicial process involved in the litigation and the considerable distance of the Head Quarters of the Tribunal are the factors responsible for high cost.

Q: 7. The probable reasons why the privilege is not exercised appear to be that

the applications and complaints are more or less heard and discussed on legal points. The Railway Administration has at its disposal best legal Counsel and its experienced Officers to represent its case.

Q: 8 & 9. We do not consider any change necessary in the membership or the qualifications of the members of the Tribunal. It is, however, suggested that the members from the Trade or Industry Panel should be equal in number to that of the Railway Board's Panel to the Tribunal.

Q: 10. The system of associating assessors with the Tribunal should be continued. It is not possible to say to what extent the present panels have been useful to the Tribunal but we believe that their intimate knowledge of the trade is of considerable assistance to the Tribunal. The guidance and advice of the assessors from the Trade and Industry Panel should be given due weight and importance and whenever there is occasion for the Tribunal to differ from

the unanimous view of the assessors, the Tribunal should do so only on very weighty grounds. When an application is made by the Central Government for classification of a commodity or a reference is made in any other matter, such application or reference should be decided by the Tribunal in consultation with the panel of the assessors set up from the trade or industry concerned in equal number with the Railway Panel.

Q: 11. In our opinion the Railway Rates Tribunal should have full powers in all matters of freight. We object to the principle of revising the freight charge of particular commodities on budget considerations without the consent of the Tribunal and the Trade and Industry Panel concerned.

Q: 12. As we have already pointed out Railway Rates Tribunal is an essential machinery for decision of freight matters. It is not correct to say that there is no necessity for such a body.

## Gujarat Vepari Mahamandal,

Ahmedabad.

GENERAL

1. It is well-known that the country's economic development mainly depends on swift and efficient Railway transport, and, it is much more so in a country like India where a very large bulk of goods is carried by Railways. In view of the important role that the Railways have been playing in the country's economic life, rating structure is of vital importance. It needs hardly to be emphasized that Railway freight constitutes an important component in determination of market price of commodities and as such rational basis of Railway freight rate structure is of great significance to trade and industry.

2. In evolving a proper freight rate structure it has to be borne in mind that the Indian Railways are a monopolistic undertaking and, as a result, they are working at a positive advantage, as compared to their counter-parts in other countries.

3. Making a historical perspective of the freight rate structure, it can be said without fear of contradiction that the rating policy hitherto adopted had generally been narrow, short sighted and inimical to the country's vital interests.

4. It is well-known that with a view to rationalize the Railway freight structure, the complete set of telescopic rates was evolved in 1948. To meet deficit, goods rates were raised, certain commodities were upgraded from lower to higher class, class rates for some articles were raised on telescopic basis, and scheduled rates for certain commodities between producing and consuming centres were removed.

5. The overall effect of this new policy has been that almost in every case indus-

try was required to pay enhanced rates. Burden on industries has increased as station-to-station scheduled rates have been abolished. Introduction of telescopic rates encouraged long hauls as against short distance traffic. Need for more liberal use of station-to-station scheduled rates and encouragement to local traffic has been aptly stressed in the Fiscal Commission's Report.

Adverse effect of telescopic rates on short-distance traffic hardly needs any emphasis. Short-distance charge of 6 pies per maund is levied on all commodities where aggregate distance is less than 75 miles. In number of industries like cement, chemicals, etc., Industrial raw materials are brought from nearing places and as such the burden on these industries is almost doubled. Short distance traffic has also to bear minimum distance and terminal charges which results in increase in cost of articles. It will be noticed, therefore, that freight rates on short distance traffic are operating as a dead-weight and as such they are likely to hamper industrial expansion which is of primary importance in the background of integrated development that is going on at present in the country.

6. This Chamber well appreciate the need of Railway Ministry for more funds for rehabilitation and reconstruction, especially when the country has launched upon a large-scale programme of reshaping its economy. We are also not of the view that this great nationalized institution should be a liability to the country. Every effort must be made to see that Railways become an asset to the country, and at the same time become a potent instrument of national pro-



gress. While formulating rating policy, it should be the chief consideration for Railways to provide cheap and prompt transport and basic facilities to industry and trade at as reasonable a cost as possible so as to enable them not only to keep down their costs and allow them to build but also prosper. When the volume of agricultural and industrial production is fast increasing, it is just and proper that rating structure should be such as would not only stimulate traffic but create new one. Every intelligent person would agree that the large network of Railways in India should run on business lines so as to avoid all waste in construction, operation and maintenance. It is also an inherent feature of every business concern that to reap advantage in future, it must also take necessary risk in the present. In a country like India which is as big as a continent and where large tracts call for opening and exploration, there is every scope for creation of new traffic. Cautious but bold policy as to freight rates will be of immense value to expanding and growing economy of the country.

7. The task of revising Railway rates is really difficult, delicate and intricate. It cannot but be gainsaid that rate-making in a dynamic society presents new problems of ever-increasing complexity. There cannot be one rate to be fair in all cases and at all times. Each case has to be studied separately. Traffic pattern should be minutely analysed so as to assess the effects of freight rates on trade and industry.

8. History of freight rates in India has been full of anomalies. Present classification of goods is so complex and elaborate that it is not easily intelligible to the trading public. This Chamber do realize that it is not an easy task to formulate a rating structure as would bring requisite money to the Railways and, at the same time, help and stimulate traffic. As such, the task is onerous and intricate. It is more incumbent upon you, therefore, to see that it is simple and easy to understand and execute. Not only the classification of goods should be broad-based, but re-classification should also be based on readjustment of rates on more rational basis that would reduce the cost of transport and ensure reasonable earnings to Railways by change in character and volume of traffic.

9. The country is marching fast towards industrialization and greater emphasis is going to be put on vital industries and it is, therefore, necessary that concessional and development rates be made a striking feature of freight rate structure. It is understood that when concerns manufacturing chemical, cement, etc. which are vital to country's economy approached the Railway Administration for concessional rates, their plea was rejected. It should hardly be a matter of controversy that when development rates are quoted, not only do they help industries to grow but they create more and additional traffic which ultimately benefits the Railway finance. Protection granted by the Tariff Commission to nascent industries and concession given by the Finance Ministry to new industrial undertakings for a specific period provide justification for need of concessional rates for their development. Sympathetic and broad outlook on the part of the Railway Board in this matter is of very great importance

for accelerating the industrial tempo in the country.

10. The Committee of the Chamber are emphatically of the view that coal being an essential component of cost structure of every industry, freight rate thereof should receive special consideration. Increase in the price of coal at all stages enhances the overall cost of production. In this context, it would appear anomalous to mention that freight rates of coal were raised by 30% in the year 1952. Moreover, the rebate of 12½% was withdrawn. Fuel and power play vital role in country's economy and, as such, they deserve special rates.

11. It is a matter worthy of consideration that Railways in India being in a monopolistic position, have greater responsibility to the people at large. It is, therefore, much more necessary that Railways should be more responsive to public opinion in regard to unjustified and excessive burden of freight rates on certain class of commodities. It is hardly proper and expedient on the part of the Railways to say that in spite of the complaints from interests concerned, particular traffic has not at all decreased, but is moving as usual. It has to be borne in mind that trading and industrial pursuits have to be carried on at any cost. That should not be a matter of satisfaction but must be a matter for close investigation if the administration is really vigilant and popular. The Committee of the Chamber would not oppose justifiable increase in freight rates. What is most important is that when rates are revised, no strong and convincing case is made by the Railway administration and the public view-point is not given due importance. It is a matter of general knowledge that operational costs of Railway have been mounting since last so many years. It is a moot point whether appreciable economy can be effected and operational expenditure can be reduced.

This Chamber firmly hope that your Committee will be good enough to consider our view-point in giving final shape to your recommendations and trust that the freight rate structure that will be evolved will be simple, elastic and broad-based as would meet with requirements of our growing economy.

We now proceed to give our replies to individual questions.

#### PART I-A.

Q: 1. (a) The short distance traffic has been penalised and almost all the industries on the W. Rly., get their raw materials except coal from nearer stations and have, therefore, to pay higher prices on raw materials which ultimately lead to an increase in cost of production of finished articles.

(b) It has been helpful only in the case of long distance traffic which pays on an average less than the freight charged for short distance traffic. With regard to cotton obtained by the Ahmedabad textile mills from the neighbouring areas of Gujarat, the principle of telescopic rates on the continuous mileage over the different Railways has not been helpful to the Ahmedabad textile trade and industry generally and has, therefore, affected the competitive capacity

of the Ahmedabad textile mills in comparison to the Bombay Mills.

(c) This Chamber has no figures but the figures with the Railway administration should be able to show the actual effect of telescopic rates on the short and long distance traffic. In the case of short distance traffic the Railways should have realized more revenue at the cost of industries and consumers.

Q: 2. (a) No.

(b) The Railways have been very conservative in exercising discretion to meet the legitimate needs of the industries.

Q: 3. (i) The revision in 1948 has put up the maximum rates and by increasing the number of classes they have actually doubled the old class rates.

(ii) (a) No.

(b) No. If the long distance traffic is to be encouraged the short distance traffic, especially in raw materials, should have a separate leg so as to cheapen the cost of production.

Q: 4. There does not seem to be much traffic for a distance of over 1,500 miles. Wagon-load scales may be lower than smalls or ordinary traffic but the proportion should be as to what traffic can bear and not disproportionate as at present.

Q: 5. (i) The terminal charge should not be uniform as it is at present. The terminal facilities are in relation to the importance of a particular station. There should, therefore, be some system for levying this charge and it should be in relation to the facilities given at each particular group of stations which should be divided into large, medium and small or in a manner so that the traffic for small stations should not pay the same terminal charge as at big stations.

(ii) This is an old anachronism as the short distance traffic is already taxed more than the long distance traffic and unless the short distance charge is lowered or abolished the raw materials and the agricultural produce which move as a rule for short distances only are being penalised making them costlier to the consumers. For instance, traffic for 80 miles would be free of the short distance charge while that for 60 miles will have to bear it and this is not equitable.

(iii) Transshipment charge for break-of-gauge which was not charged in old days was introduced only a few years back and might remain if it is a source of revenue to the Railways against the expenditure involved in transshipment.

Q: 6. Distance unit of one mile should remain.

Q: 7. No.

Q: 8. Empty haulage charge should be made as these tank wagons cannot be used for back loading. This principle should be advocated for all Railways.

Q: 9. The present grouping seems to be equitable except heavy articles which should be considered for re-classification.

Q: 10. We regret it is difficult for us to reply this question.

Q: 11. The existing schedule seems to be suitable, but, as stated before, the difference between the rates for traffic moving in 'Smalls' and in wagon-load should be proportionate so that the small traders may have the same advantage as large-scale traders.

Q: 12. It does need revision as the Railways should have the discretion to charge per ton having regard to the commodity to be carried as this minimum charge of Rs. 1/2 operates heavily on raw materials.

Q: 13. (a) The present uniform rate of minimum charge at Re. 1/- per consignment for 'Smalls' needs no revision.

(b) No.

Q: 14. The minimum weight should be raised from 7 srs. to 20 srs. for 'smalls' consignment carried by a goods train and consignments smaller in weight must move by parcel trains.

Q: 15. We agree that all commodities sent as 'smalls' traffic to be carried by goods train should upto a maximum weight be placed in one class. The maximum weight we suggest is one maund.

Q: 16. (i & ii) No.

(iii) We agree.

Q: 16-A. Please see our reply to Q: 16.

Q: 17. It is desirable to have train-load rates by giving a concession of about 10 to 15% on the freight chargeable at present. As a safeguard the train-load rate should be allowed to recognized groups of parties which can make up a train-load.

Q: 18. We do not recommend this as it would add to the cost of materials to be sold in the market.

Q: 19. As the machinery is charged at a higher rate, it should be the duty and responsibility of the Railways to unload it. Haulage charges should not be made for unloading.

Q: 20. We regret it is not possible for us to reply this question.

Q: 21. (a) Unless the freight rates of other alternative modes of transport or the same as those of the Railways or higher but not exceeding the latter's by 10% we feel the Railways should not refuse to carry 'short distance' traffic. Such a restriction is not recommended as it will penalise short distance traffic and will leave them to the mercy of other alternative modes of transport.

(b) No.

(c) For long distance traffic adjustment of freight rates may be made where the commodities could be carried by coastal shipping as the strain on Railways of such long distance traffic requires to be eased; provided an arrangement under Government authority is made with the coastal shipping concerns that their freight charges would not be higher than 10% of those charged by the Railways at present.

Q: 22. The freight rates charged by the Road Transport and Inland Waterways are correspondingly much higher than those charged by the Railways.

Q: 23. (i) A freight pool may be created. The freight pool should be limited to a few essential commodities like foodgrains and industrial raw materials like cotton, coal, oilseeds, iron and steel, cement, kerosene oil, crude and fuel oil, and petrol, etc. The operation of these commodities through a freight pool should be on an all-India basis in case of foodgrains which move to various parts of the whole country and on a zonal basis in case of industrial raw materials, a zone or more zones carved out for such raw materials having regard to their requirements by the industries in that zone. Traffic moving over a minimum distance of 500 miles may be excluded.

(ii) Yes, we would suggest a freight pool for coal, iron and steel, kerosene oil, crude and fuel oil, petrol, cement, chemical manures and salt.

Q: 24. Yes, we would recommend.

Q: 25. The Railways should work the freight pool but representatives of the industry, trade and consumers concerned and of the Governments (central and respective states) should be associated with such a management.

Q: 26. The present freight structure should be revised and freight rates lowered in case of a large number of commodities which lead to a larger industrial and agricultural production if we wish to further the economic progress of the country.

Q: 27. In the case of cement industry and of the Tata Chemical Works, it is understood that the request for 'short distance' charge was turned down.

Q: 28. We regret we have no figures for this.

Q: 29. As the Railway is a monopolistic transport concern the effect could not be noticeable nor will it be noticeable for that reason except that it has added the burden on the consumer who has ultimately to pay cost of transport. As we do not deal ourselves in any particular trade or industry, it is difficult for us to mention any such industry or trade.

Q: 30. This is recommended to help the small-scale industries the movement of whose goods now is handicapped as a result of a higher percentage of freight in relation to cost of production. The economic transportation can be effected by grouping small-scale industries traffic and moving them in wagon-loads within a specified time at the convenience of the Railways.

Q: 31. Yes. The economics of transportation and the needs of Railway finance should not be the only consideration in framing the Railway freight rate policy. It should be based in a way as would increase the national production and make available at a cheaper rate the bare necessities, viz: foodgrains, cereals, cloth (coarse and handloom), salt, building materials, etc. required by a common man.

Q: 32. Yes. The undeveloped industries which are of national importance should be assisted.

Q: 33. Where an industrial unit established is absolutely new in the line of production of its articles that is, where there is no such production of a new article as is

undertaken by the new industrial unit, the Railway freight rate policy should certainly render whatever assistance it can. But that concession should be limited for a period of five years in the first instance and may be extended for a further period periodically until the new industrial unit is capable of earning reasonably.

Q: 34. While the new lines may, in certain cases, turn out to be unremunerative in the beginning, we do not think it would be a good principle to charge in case of all new lines on the basis of inflated mileage for any period so that the projects may not be financially burdensome. It is hoped that in course of time such new lines should pay and in later years sufficiently to meet the loss incurred during the years in the beginning. Still, however, if a particular line or lines appear to be unremunerative continuously for a number of years, the question of charges being levied on the basis of inflated mileage would be appropriate for consideration.

Q: 35 (i). We have expressed our views above in this behalf.

(ii) It should be possible for the Railways to get sufficient revenue in the ordinary course to meet the increases in maintenance and operation costs due to the investment of large capital both in the construction of new Railway mileage and in the provision of rolling-stock and other facilities as a result of more goods traffic and passenger traffic the Railways will have to move consequent upon the industrial development of the country under the Second Five-Year Plan and the opening of new Railway lines. There is great potentiality of tourist traffic in the country in view of the increasing importance of India in world affairs and her growing friendship with other countries.

Q: 36. The actual cost of transportation with due regard to economic working and the amenities for passengers and facilities for goods traffic plus the interest on capital and depreciation should be charged to current revenue of the Railways.

Q: 37. Please see our reply to Q. 30.

Q: 38. The general policy of the Government definitely takes into consideration the normal principles which the Railway follows for fixing its freight rates.

Q: 39. For want of information as to what commodities are carried at rates below the cost of transport, it is difficult to state these commodities.

Q: 40. The increase in traffic under the Second Five-Year Plan is sufficient justification for the financial stability of the Railways.

Q: 41. Stable rates are recommended so as not to affect the market rates for indigenous goods.

Q: 42. This information is not available with us.

Q: 43. This is dependant more on Government policy and the trade has to follow the trend of traffic. It is, therefore, difficult to say how far the 1948 policy has affected this question.

Q: 44. We regret it is not possible for us to reply this question for want of sufficient data.

Q: 45. Element differs with individual agricultural commodity. The highest is in case of tobacco.

Q: 46. In view of various irrigation schemes proposed by the Bombay Government to be undertaken in Gujarat Region during the Second Five-Plan period as stated in its draft Plan-frame recently published, it would appear that if all these schemes are undertaken and completed the production in Gujarat of cotton, oils, oilseeds, tobacco, food grains, etc. will increase.

Q: 47. (i) Adjustment of Railway freight rates would not be desirable.

(ii) Warehouses for the temporary storage of the small agriculturists produce should be provided to enable them to take benefit of wagon-load rates. Such warehouses should be built and administered through the agency of co-operative bodies under the patronage of the Government.

Q: 48 to 53. We regret it is difficult for us to reply this question without sufficient data.

Q: 54. The basic principles should be what the traffic could bear with due regard to local conditions and should not be what the cost of transport would be to the Railway.

Q: 55. The freight structure should be as simple as possible, preferably on the basis of luggage and parcel rates for a group of mileages under each class which should be reduced to a minimum so as to enable the public to visualise the freights chargeable on various commodities whether wagon-loads or as 'smalls'.

## PART I-B

Q: 1 to 4. We regret, as this matter refers to the industries concerned, it is not possible for us to supply this information. The industries concerned should be able to give these details.

## PART II

Q: 1 (a). The tendency of the merchants is to book to an appreciable extent at owner's risk except in cases where risk is involved to the sender. One cause for this tendency, besides the owner's risk rates being cheaper, is that it is greatly difficult to comply with the packing conditions fixed for despatch at Railway Risk rates and due to that a merchant is put to various inconveniences.

(b) Commodities which are less weighty and which have a high cost are preferred by the merchants for sending at Railway Risk.

(c) There is hardly any substantial change in this respect compared with the pre-war period.

Q: 2 (a) In respect of cotton, cotton piecegoods etc. merchants prefer private insurance to some extent.

(b) Private insurance covers every type of risk.

(c) Insurance Companies should be able to give these details.

Q: 3. Such figures are always with the Railways. Insurance Companies also are competent to give necessary data.

Q: 4. Such data are hardly available with private parties or commercial organizations. It is only the Railway Administration which are in possession of figures.

Q: 5 & 6. Railways alone can answer.

Q: 7. (a) Without figures, we cannot precisely answer this part of the question.

(b). We are not in a position to say definitely that the provisions have operated to the disadvantage of the Railways. We can say this much that the difference between O. R. rates and Railway Risk rates should be widened in favour of O. R. rates, that is O. R. rates should be reduced.

Q: 8. No figures.

Q: 9. If benefit of O. R. rates is to be given to the merchants the difference in O. R. rates and railway risk rates should be widened as suggested in our reply to Q: 7 above. To encourage traffic, goods booked on O. R. should be charged less.

Q: 10 & 11. The present rates in regard to Railway Risk should not be increased. We are not of the view for withdrawal of O. R. classification.

Q: 12. No half way house. Such a practice will allow loopholes in administration and as such a change is not at all desirable.

Q: 13. Let them have option.

Q: 14. No change recommended.

Q: 15. Ordinarily packing conditions must be complied with, but interpretation of packing conditions should not be arbitrary on the part of Railways.

Q: 16. Gradually after consulting the trade interests.

Q: 17. (a) & (b). Until goods offered for despatch are placed on wagons, warehouse facilities be given at important stations. Construction and maintenance of such warehouses should be the responsibility of the Railways.

Q: 18. (a) & (b). We are not in favour of the continuance of Sec. 72 of the Railways Act, 1890, under which the responsibility of the Railway administration is that of a bailee. The liability of the Railway administration should be that of a "Common Carrier". As a common carrier the Railway administration's liability would be that of an "Insurer". It is understood that in many important countries of the world the Railways' liability is that of a common carrier and the provision making Indian Railways' responsibility as that of a "bailee" was and is hardly fair and just to the consignors—the mercantile community in particular and the public in general.

The Railways are the monopolistic concern run by the Government and the people at large have limited choice to select the mode of transport. If the responsibility of the Railways is kept as that of a "bailee" that state of affairs would indirectly work as an opportunity to the Railway staff at each stage or at certain stages to show negligence or carelessness. If the Railways are to be expected to show better care and attention for the safety of the goods, etc., it is essential that their liability should be made that of a

common carrier as is the case with other "Carriers".

While we appreciate that if the liability of the Railways is made that of a common carrier, the claims for loss or damage that they receive now would certainly increase but we feel if standard packing conditions are prescribed and enforced and if stringent precautionary steps and security measures are taken to prevent loss or damage during the period the goods are in the custody of the Railways that should go a long way to reduce the number of claims.

Q: 19. Strict security measures should be adopted by the authorities concerned.

Q: 20. For Railways to make.

Q: 21. Procedure must be simplified. Delay in settling claims is so vexatious that parties are put to great inconvenience and expenditure. Time must be specified for settlement of claims.

### PART III

Q: 1. (a) All the applications for revision of rates which are received by the Railway Board must be sent to the Railway Rates Tribunal for their consideration. It is not desirable that Railways should have any discretion as to rejecting the applications. It must be for the Railway Rates Tribunal to decide each case on its merits.

(b) It is not necessary to give powers of investigation to Railway Rates Tribunal. What is important is that the decisions of the Tribunal should not in ordinary course be subject to any change by the Railway Board.

(c) There is no question of restricting the power of the Tribunal. We do not suggest that the powers be taken away and conferred upon a new body. If that is done, that would amount to division of powers which is not desirable.

Q: 2. The present restrictions under subsection (2), Section 42 of the Indian Railways Act, 1890, are really necessary inasmuch as they operate as a check upon the Railway Board. This will prevent them from

arbitrarily raising the class of any commodity. The Indian Railways have become a monopolistic enterprise and as such it is desirable that there should be a statutory body to decide as to revision of rates.

Q: 3 & 4. No comments to offer.

Q: 5 & 6. It is true that the decisions of the Tribunal take time. Adjudication is very costly. If the Tribunal is to be made effective instrument of justice to business community, it must be cheap and speedy.

Q: 7. The question appears to be redundant. Railway rates structure is a very complicated and intricate matter and, as such, it is very common that applicants do not periodically appear before the Tribunal, but they are represented by a lawyer.

Q: 8. This Chamber has to offer one suggestion in this regard. Whenever an application for revision of rates in a particular case is to be considered it will be very helpful to the Tribunal if a top-ranking retired Railway official conversant with the intricacies of Rating policy, from other zone, is asked to sit on the Committee and give benefit of his views. Such an officer may attend the Committee during the period of hearing of the said application.

Q: 9. No.

Q: 10. As far as our knowledge goes, experience of the assessors chosen from panel of trade and industry is not fully utilized at present.

Q: 11. Formation of a separate Body to fix rates and consider complaints is not called for. Separation of judicial and non-judicial functions and divisions of power will not help the end in view.

Q: 12. In a complicated matter like Railway rates structure on which depends the development and growth of industries, a judicial body like Railway Rates Tribunal is of utmost importance. In a country like India where democracy and parliamentary form of Government are still in an infant stage, it is very necessary that independent bodies, are not only allowed to function but be vested with larger powers.

## Maize Products Ltd.

Ahmedabad.

### PART I-A.

Q: 2(a) We feel the present rating arrangements do not permit of sufficient flexibility to meet the legitimate needs of industries in regard to the movement of raw materials and finished products.

(b) We may point out that railway administrations do not exercise the discretion permitted to them, under present rating arrangements, to meet the legitimate needs of industries with as much liberality and expedition as would yield adequate results.

Q: 31 & 32: It is our view that the railway freight-rate policy should be based not only on considerations of the economics of transportation and the needs of railway finance, but also of assisting any particular industry to develop rapidly.

For instance, the maize starch industry is a protected industry. It has developed, in spite of opposition from powerful foreign cartels. This protected industry will be able to establish itself more strong-



ly, expand more quickly and even export its products outside the country, provided the railway freight structure on its main product, starch, as well as on derivatives, by-products like gluten, maize oilcake etc. is suitably modified.

Similarly, this industry will be considerably helped by suitable reduction in the freight-rate on its raw material, namely raw maize. The industry has to get its raw material from Central India, make its finished product in Ahmedabad (about 75%) and send it to Bombay, for the use of consumers. Thus, it has to pay freight-rate on raw material from Central India to Ahmedabad and its finished product from Ahmedabad to Bombay. These two freight-rates will have to be adjusted with reference to the capacity of the industry to bear this and, what is more important, to help the industry to establish itself and develop properly.

What has been said above is equally true of another indigenous and nascent industry, namely, the glucose industry. Here again the freight-rate has to be adjusted in such a manner that the industry can establish itself

and expand. The present freight-rate on raw maize, on maize starch, on gluten etc., as well as the freight-rate on glucose syrup is higher than what the overall needs of the industries as well as of the country would permit.

Q: 33. Actually, this question is of pivotal importance for the building-up of our economy. Industries which are new have got to be given special treatment. The period of years during which this specially low rate should prevail can be fixed up with reference to each industry after a discussion of the matter with various spokesmen of the industry concerned.

Q: 41. This refers to an important subject. It is our view that the railway freight-rates for commodities which are exportable should be flexible with a view to adjusting them from time to time according to the competitive conditions in the export market. Any stimulus, which reduction in railway freight-rate can afford for making the export competitive in foreign markets, should be provided.

## The Federation of Gujarat Mills & Industries,

Baroda.

### PART I A.

Q: 1. The existing freight structure which has been adopted in 1948 on principles of telescopic rates has revised the present freight structure.

The freight on coal which is more than its cost has increased the cost of electric power in thermal stations and in industries using coal in boilers particularly in cotton textile mills when there is a general increase of 30% and withdrawal of 12½% concession in freight.

There is a clause in supply of grid power that increase in cost & freight in coal price will increase the rate of power supply. So the revised rate has affected almost all industries.

Q: 2. (a) No.

(b) The Railway administration try to get more revenue as far as possible and does not give special or station-to-station rate for long distance traffic etc.

Q: 3. The statement of Operative Cost is at page 359. It will show that the present class rates require to be substantially reduced looking to the operative cost.

Q: 5. The Railway should have a mind to assist the Industries by carrying goods with as little extra charge as possible and with that end in view the terminal charge as well as short distance and transshipment charge for Break of Gauge should be abolished. It will also simplify the tariff.

Q: 6. No.

Q: 8. The practice prevailing on some Railways of including in the freight, the haulage charge of empty wagons for liquids should be abolished. If other railways do not charge, there is no reason why some railway should be allowed to charge extra for haulage of empty tank wagons.

Q: 9. In the existing classification of goods, machinery has been classified as machinery other than electrical and machinery electrical. Machinery electrical is being charged at a higher rate and we believe the distinction should be done away with and all machinery whether electrical or other than electrical should be grouped under one heading and the rate applicable should be the present rate prevailing for machinery other than electrical.

Q: 12. The traffic to be moved in full wagon loads should be given special allowance or the rates for full wagon load traffic should be reduced by about 10%.

Q: 14. The minimum weight for 'smalls' consignment may be raised from 7 seers to 15 seers to avoid congestion in goods traffic in smalls.

Q: 15. We agree with suggestion of placing of smalls traffic of all commodities in one class as this will simplify procedure and will result in quick despatch of goods. We would suggest a maximum limit of 10 tons.

Q: 16. (i) & (ii) No.

(iii) Yes.

Q: 17. The idea is praise-worthy but as the Railways are not able to carry the traffic as and when required both in smalls & wagon-loads the train load-traffic be moved without special priority and special rates be fixed for train load or block rakes traffic.

Q: 18. If it is practicable to run special express goods services we are of the opinion that a small surcharge may be levied which would be justified if the railways are in a position to move all goods offered expeditiously. Surcharge for express goods services should be levied only if the railways are in a position to accept consignments for movements at intervals of a week or ten days from every important station.

At present, booking from Bombay to Baroda remains closed for several weeks together, Bombay being an important centre for supply of industrial raw materials, booking from Bombay should be available at least once in every week and if this facility is provided a levy of small surcharge for express goods services would be justified.

Q: 19. Crane (Steam & Haul) charges are recently increased to a great extent. The said rates be reduced to the previous level.

Q: 21. The Railways should carry the short distance traffic by Diesel Engine Motor Truck of the Railway at the same prescribed rate as for other traffic.

Q: 23. Freight Pool for Coal, Iron & Steel, Kerosene Oil, Petrol, Cement, Chemical Manures & Salt is supported by us.

Q: 25. A small committee of the Railway Government Agency and the Industry should work out the scheme.

Q: 26. The freight structure be reduced.

Q: 30. We support the suggestion of giving special station-to-station rates, without discrimination.

Q: 31. We are of opinion that railway freight rates must have relation with the operating cost of goods to move. At present railways have 15 classifications for movement of general goods and several special rates for wagon-load movement of special commodities. Recent trend throughout advanced countries is to revise freight rates and bring them in relation with actual cost of movement and not to charge it on the capacity of the material moved to bear higher rates. So number of 15 classes be reduced to five or six and they should be based on actual operating cost including all over heads plus ten per cent. profit. A slab of 10% be kept between each class.

Q: 33. The new Industries both private and public should be given some rebate in Railway Freight on raw materials required by them for a period of five years or till the company is in a position to pay dividend @ 5% on Paid-up Share Capital whichever is earlier. This rebate may be equal to 50 per cent.

Q: 35. See reply to Q. 31.

Q: 36. The Railways should first carry all traffic as and when offered and for that purpose should give priority to expenditures to several necessities like reconstruction and extension of yards, increasing track facilities, doubling of lines, etc. and withhold expenditure on construction of beautiful and luxurious railway stations etc. If more traffic is carried, overhead cost will be less and Railway will get more revenue as its maintenance and operating cost will be reduced.

Q: 37. See reply to Q: 33.

Q: 44. Generally prices are quoted ex factory. Forwarding charges and actual freight are borne by the consignee.

#### PART I-B.

#### ANNEXURE-V

Q: 1. For manufacturing cotton cloth say 100 Lbs., about 52%, i.e. 52 Lbs. of Cotton and about 4%, i.e. 4 Lbs. of coal is required.

Q: 2. Can be had from Government Statistics or from Textile Commissioner, Bombay.

Q: 5. About 90% by rail and 10% by road.

Q: 6. Yes.

Q: 1. (a) Most of the goods about 90% are booked at owner's risk whenever owner's risk is accepted.

Q: 5. (a) Compensation claims by Railways are settled for loss of goods in transit and also damage to goods at goods shed for want of roof etc. So if Roofs over goods-shed are constructed at important stations such claims would be lessened and there would be quicker movement of wagons. Claims are also on account of misdespatch.

Q: 8, 9 & 10. At present the Railways have 15 classifications for the movement of general goods traffic and several special rates for wagon-load movements of special commodities. Many of these commodities have railway risk and owners' risk rates and these rates vary widely.

Q: 9 (a). Vegetable oil traffic is moved in Tank Wagons on B. G. Section while in covered (Box) wagons in containers on M. G. Section as no Tank Wagon is available on M. G. section, i.e. North-Gujarat, A. P. Line.

(b) Leakage is about 0.6% in Tank Wagons and 3% in covered wagons.

(c & d) No.

#### PART II

We believe these classifications should be reduced to minimum i.e. say five classes. Number three class should be based on actual average operating cost including all overheads plus ten per cent. profit. Number two class should be ten percent lower than No. 3 class and No. 1 class should be twenty per cent. lower than No. 3 class and No. 4 class should be ten percent higher than No. 3 and No. 5 should be twenty percent higher than No. 3 class, and the disparity in rates for commodity to commodity should be made applicable to all commodities and these wagon-load rates for general goods-commodities should be 30% lower than class rates.

We find it that for certain commodities there should be both railway risk and  
(Contd: on P: 360)

# OPERATIVE COST

Class-wise freight charges for 300 Mds. Wt. loaded in a wagon for 300, 600 and 900 miles exclusive of transhipment and terminal charges

300 Miles				600 Miles				900 Miles			
Actual earnings		Less actual operative cost @ 0-8-0 per wagon per mile	Actual difference as profits	Actual earnings		Less actual operative cost @ 0-8-0 per wagon per mile	Actual difference as profits	Actual earnings		Less actual operative cost @ 0-8-0 per wagon per mile	Actual difference as profits
Rs. a. p.	Rs.		Rs. a. p.	Rs. a. p.	Rs.		Rs. a. p.	Rs. a. p.	Rs.		Rs. a. p.
2nd Class	276 9 0	150	126 9 0	506 4 0	300	206 4 0	684 6 0	450	234 6 0		
3rd "	300 0 0	150	150 0 0	553 2 0	300	253 2 0	750 0 0	450	300 0 0		
4th "	323 7 0	150	173 7 0	595 5 0	300	295 5 0	810 15 0	450	360 15 0		
6th "	375 0 0	150	225 0 0	693 12 0	300	393 12 0	946 14 0	450	496 14 0		
8th "	431 4 0	150	281 4 0	796 14 0	300	496 14 0	1087 8 0	450	637 8 0		
12th "	571 14 0	150	421 14 0	1059 6 0	300	759 6 0	1443 12 0	450	993 12 0		
14th "	726 9 0	150	576 9 0	1279 11 0	300	979 11 0	1720 5 0	450	1270 5 0		
15th "	1087 8 0	150	937 8 0	1748 7 0	300	1448 7 0	2217 3 0	450	1767 3 0		

owners' risk rates relating to packing conditions prescribed for them. As for example, for commodities like empty glass bottles there should be owners' risk rates when packed in gunny bags and railway risk rates when packed in corrugated boxes and cartons. But in no case there should be a difference of more than 10% freight charges between OR & RR Rates.

We are of the opinion that so far as wagon-load traffic is concerned, from one point to another point straight there is no necessity for keeping railway risk rates, and so this traffic at owners' risk should be allowed to be moved at reduced rates.

Q: 15. Standard packing conditions are too rigid in practice. The Railway staff to avoid the responsibility makes remarks in Railway Receipts that packing is not according to the prescribed conditions etc. So the packing conditions should be made more practicable.

Q: 16. We do not recommend the compulsory packing conditions to move commodities.

Q: 18. (a & b) Under Section 72 of the Indian Railways Act, 1890 the responsibility of Railway Administration for loss, destruction or deterioration of goods delivered to railways for carriage is that of a bailee as provided for by the Indian Contract Act,

1882. We are not in favour of continuation of this provision and the railways should take over the responsibilities of carriers of goods, i.e. a common carrier in case of both of OR and RR and wagon-load traffic that is for all traffic.

Q: 19. See reply to Q. 5 (a).

### PART III

Q: 1 (b) We are of the opinion that Railway Rates Tribunal as well as Railway Freight Structure Enquiry Committee, should initiate investigations in regard to freight rates separately and in the event of any disputed items amongst themselves, they should select representatives from commerce and industries associations, and thus the panel formed of these three bodies should decide disputed points.

Q: 2 & 3. The Tribunal should have power not only to raise the rates but also to reclassify a commodity in a lower class. It is however desirable that the Central Government may authorise the panel of the three bodies suggested in reply to Q. 1 (b) above, to decide any change in any class rate.

Q: 7. The enquiry by the Railway Rates Tribunal should not be held at Madras but in other places like Bombay, Calcutta etc., where the parties stay.

## Alembic Chemical Works Company Limited,

Baroda.

GENERAL

We feel that the existing freight structure which has been involved by a departmental committee during 1945 to 1948 has appreciably raised the present freight charges in all their aspects by about 70% to 80% over prewar level. These charges are rather high to bear by the users of railways in general. We are in favour of a fresh examination of the freight structure, which should have some relation of freight rates with the operating costs.

Before we tackle the actual examination of freight rates we would like to investigate the possible avenues of reducing operating cost and general charges of the railways. To investigate that following points have to be considered:—

1. *Previous and present wagon miles per day:* we understand that the average haulage of wagon miles per day has appreciably fallen from previous standards. They are also very very low compared to U. S. A. and U. K. and other advanced countries. It is now almost 40 miles per day whereas it should be 100 miles per day or more.

2. *Previous and present turnround of wagons:* Previous general turnround for wagon was four days and now it is stated that it has fallen to eight days. It needs investigation.

3. *Haulage of empty wagons to meet specific demands of the Government departments to meet with interchange balance and transhipment points:* From our side we have observed that hundreds of wagons are daily hauled for hundreds of miles and for days together to meet with the requirements for particular government projects to cement factories like Lakhari.

Because of faulty interchange targets fixed every now and then when these targets are exceeded and interchange balance goes up, local railway authorities are forced to run empty wagons to interchange points to stabilise the balance.

Similar is the case of empty wagon to transhipment points. We believe this practice of moving empty wagons is a gross wastage of wagon space, particularly now when we are passing through difficult period of lack of enough traffic facilities. If proper organisation and co-ordination is built up then all this empty wagon haulages would be better utilised for moving traffic in the directions where the wagons have to move and better earning and more satisfaction to commerce and industry will result.

4. *Turnround of repairs in shops:* We have observed in many cases that wagons in

shops are not being repaired for considerably long periods on account of lack of proper store purchase policy. By proper managerial control and co-ordination smoother flow of required parts of repair shops could take place and wagon turnround from repair shops will be easily doubled or trebled.

5. *Previous and present wagon miles operating cost of railways and daily earning capacity of wagons:* When general turnround of wagons and haulage of wagon miles per day is improved there will be considerable reduction in the operating cost. We also suggest for proper utilisation of wagon space reduced wagon load rates and wagon load conditions should be quoted for class rates also, e.g. 240 mds. is a general weight limit for a through wagon for medicines as in case of all class rates goods. If commodities of this nature which are moving in the country in bulk to points of distribution or consumption are given reduced wagon-load rates and conditions for traffic offering over 240 B. maunds, the manufacturers as well as consumers will be induced to utilise wagon space to the fullest and it would reduce quantum of smalls traffic moving in the country to the disadvantage of the railways in many respects.

When all above factors are taken into consideration and proper remedies are found out then it will appreciably increase daily earning capacity of the wagons and also reduce the incidence of overheads and thereby considerably increase profit margin of railways.

It might be necessary to press railways to give priority to expenditure to several

"musts" such as reconstruction of yards, increasing track facilities, doubling the lines etc. and withhold expenditure on construction of beautiful and luxurious railway stations for the time being.

We believe very strongly that railway freight rates must have relation with the operating cost of goods to move. At present railways have fifteen classifications for movement of general goods and several special rates for wagon load movement of special commodities. Recent trend throughout advanced countries is to revise freight rates and bring them in relation with actual cost of movement and not to charge it on the capacity of the material moved to bear higher rates. This change is taking place because of the competition of the road and water ways traffic. We believe similar situation will arise in our country and it would be a step in right direction for our railways to find a via media course and from fifteen classifications to make only five classes. Number three class should be based on actual operating cost including all overheads plus ten per cent profit. Number two class should be ten per cent lower than No. 3 class and No. 1 class should be twenty per cent lower than No. 3 class and No. 4 class should be ten per cent higher than No. 3 and No. 5 should be twenty per cent higher than No. 3 class.

We are enclosing herewith comparative freight charges with operating cost as known to us (it does not include overheads) for 300, 600, and 900 miles. We believe present 6th class costs as worked out in tables be made the 3rd class freight rates of the new system suggested by us. We are also enclosing herewith a statement suggesting new freight rates:—

नवमं नयनं  
COMPARATIVE FREIGHT CHARGES TABLE

Class	Basis of telescopic class rates, Pie per maund per mile.		
	First 300 Miles.	For next 300 miles i.e. 600 miles.	Plus for distance beyond i.e. 900 miles.
	Rs. a. p.	Rs. a. p.	Rs. a. p.
2nd	0 14 9	1 11 0	2 4 6
3rd	1 0 0	1 13 6	2 8 0
4th	1 1 3	1 15 9	2 11 3
6th	1 4 0	2 5 0	3 2 6
8th	1 7 0	2 10 6	3 10 0
12th	1 14 6	3 8 6	4 13 0
14th	2 6 9	4 4 3	5 11 9
15th	3 10 0	5 13 3	7 6 3



## OPERATIVE COST

Class wise freight charges for 300 Mds. Wt. loaded in a wagon for 300, 600, 900 miles exclusive of transshipment and terminal charges.

300 miles								
Actual earnings			Less actual operative cost @ 0-8-0 per wagon per mile			Actual difference as profits		
	Rs.	a. p.		Rs.	a. p.		Rs.	a. p.
2nd Class	276	9 0		150	0 0		126	9 0
3rd "	300	0 0		150	0 0		150	0 0
4th "	323	7 0		150	0 0		173	7 0
6th "	375	0 0		150	0 0		225	0 0
8th "	431	4 0		150	0 0		281	4 0
12th "	571	14 0		150	0 0		421	14 0
14th "	726	9 0		150	0 0		576	9 0
15th "	1087	8 0		150	0 0		937	8 0
600 miles								
2nd Class	506	4 0		300	0 0		206	4 0
3rd "	553	2 0		300	0 0		253	2 0
4th "	595	5 0		300	0 0		295	5 0
6th "	693	12 0		300	0 0		393	12 0
8th "	796	14 0		300	0 0		496	14 0
12th "	1059	6 0		300	0 0		759	6 0
14th "	1279	11 0		300	0 0		979	11 0
15th "	1748	7 0		300	0 0		1448	7 0
900 miles								
2nd Class	684	4 0		450	0 0		234	6 0
3rd "	750	0 0		450	0 0		300	0 0
4th "	810	15 0		450	0 0		360	15 0
6th "	946	14 0		450	0 0		496	14 0
8th "	1087	8 0		450	0 0		637	8 0
12th "	1443	12 0		450	0 0		993	12 0
14th "	1720	5 0		450	0 0		1270	5 0
15th "	2217	3 0		450	0 0		1767	3 0

## COMPARATIVE FREIGHT CHARGE TABLE AS PER OUR SUGGESTION

Class	Basis of telescopic class rates Pie per maund per mile.		
	First 300 miles.	For Next 300 miles i.e. 600 miles.	Plus for distance beyond i.e. 900 miles.
	Rs. a. p.	Rs. a. p.	Rs. a. p.
1st	1 0 0	1 13 8	2 8 6
2nd	1 2 0	2 1 4	2 13 6
3rd	1 4 0	2 5 0	3 2 6
4th	1 6 0	2 8 8	3 7 6
5th	1 8 0	2 12 4	3 12 6

This is more or less based on present traffic rates. We believe this could be reduced by running the railways more efficiently by investigating various points as suggested in our letter.

## OPERATIVE COST

As per our Suggestion

## 300 Miles

	Actual earnings	Less actual operative cost @ 0-8-0 per wagon per mile	Actual difference as profits
	Rs. a. p.	Rs. a. p.	Rs. a. p.
1st Class	300 0 0	150 0 0	150 0 0
2nd „	337 8 0	150 0 0	187 8 0
3rd „	375 0 0	150 0 0	225 0 0
4th „	412 8 0	150 0 0	262 8 0
5th „	450 0 0	150 0 0	300 0 0

## 600 Miles

1st Class	556 4 0	300 0 0	256 4 0
2nd „	625 0 0	300 0 0	325 0 0
3rd „	693 12 0	300 0 0	393 12 0
4th „	762 8 0	300 0 0	462 8 0
5th „	831 4 0	300 0 0	531 4 0

## 900 Miles

1st Class	759 6 0	450 0 0	309 6 0
2nd „	853 2 0	450 0 0	403 2 0
3rd „	946 14 0	450 0 0	496 14 0
4th „	1040 10 0	450 0 0	590 10 0
5th „	1134 6 0	450 0 0	684 6 0

## PART II.

Q: 9 & 10. At present the railways have 15 classifications for the movement of general goods traffic and several special rates for wagon load movements of special commodities. Many of these commodities have railway risk and owner's risk rates and these rates vary widely.

We believe these classifications should be reduced to minimum i.e., say five classes. Number three class should be based on actual average operating cost including all overheads plus ten per cent profit. Number two class should be ten per cent lower than No. 3 class and No. 1 class should be twenty per cent lower than No. 3 and No. 4 should be ten per cent higher than No. 3 and No. 5 should be twenty per cent higher than No. 3 class, and the disparity in rates for commodity to commodity should be brought down to minimum. Moreover, wagon load rates should be made applicable to all commodities and these wagon load rates for general goods commodities should be 30% lower than class rates.

We find it that for certain commodities there should be both railway risk and owner's risk rates relating to packing conditions prescribed for them. As for example for commodities like empty glass bottles there should be owner's risk rates when packed in gunny bags and railway risk rates when packed in corrugated boxes

and cartons. But in no case there should be a difference of more than 10% freight charges between OR & RR rates.

We are of the opinion that so far as wagon load traffic is concerned from one point to another point straight there is no necessity for keeping railway risk rates and so this traffic at owner's risk should be allowed to be moved at reduced rates.

Q: 18 (a) & (b). Under Section 72 of the Indian Rys. Act 1890 the responsibility of railway administration for loss, destruction or deterioration of goods delivered to railways for carriage is that of a bailee as provided for by the Indian Contract Act 1872. We are not in favour of continuation of this provision and the railways should take over the responsibilities of carriers of goods i.e., a common carrier in case both of OR and RR and wagon load traffic that is for all traffic.

Q: 19. Many of the claims arise from thefts and pilferages and spoilage due to rains. To stop this there should be necessary covered and enclosed shed facilities at all stations wherever it does not exist at present for receipt of all goods traffic. To meet with this capital expenditure we are of opinion that preference should not be given to re-construction of beautiful and luxurious railway stations as is being done now and

for the time being goods sheds and godowns which are badly required should be immediately constructed in order to avoid thefts

and pilferages and spoilages due to rains on all stations.

## PART III.

**Q: 1(b)** We are of the opinion that Railway Rates Tribunal as well as Railway Freight Structure Enquiry Committee, should initiate investigations in regard to freight rates separately and in the event of any disputed items amongst themselves, they should select representatives from commerce and

industries associations, and thus the panel formed of these three bodies should decide disputed points.

Q: 2 & 3. It is desirable that the Central Government should authorise the panel of these three bodies to decide any change in any class rate.

The Co-operative Fruit Sale Societies & Fruit Growers' Associations,  
East Khandesh.

## PART II.

It will be seen from the figures of acreage under Banana production in East Khandesh (vide reply to query No. 1 under Annexure VIII to Part I-A and B) that the maximum acreage for Banana (20000 acres) was in the year 1947-48. The Railway Freight for Banana wagons for Bombay, Delhi and other markets increased to a great extent with effect from 1-3-1949. They still increased with effect from 1-6-1949 (vide reply to Query No. 2 Annexure VIII)

For illustration, it will be seen that the freight for Banana parcel wagons from

Savda to Delhi was Rs. 516/- in the year 1941 and Rs. 574/- from 1942 to 1948. From 1-3-1949 it increased to Rs. 868/-. From 1-6-1949 to 19-11-1950 it was Rs. 1013/- and at present it is Rs. 1001/-. Thus if it is compared with freight prior to 28-2-49 it will be seen that the freight has been raised to an extent of 74% of original rate. This was too much for the agriculturists to bear.

The ratio of wagon freight to the average price realised by the agriculturist in the year 1954-55 is as under :—

	Rs.	a.	p.
Average price of one wagon (550 Mds. that are produced in one acre) ... ..	3,850	0	0
Less : Marketing expenses such as commission to Dalal at selling end and delivery charges etc., ... ..	300	0	0
<b>Net price realised</b> ... ..	3,500	0	0

									Rs. a. p.
Production cost of 550 Mds. of Banana in 1 acre of land (vide chart of cost of production attached)	...	...	...	...	...	...	...	...	2,300 0 0
Bunch cutting, wagon loading and station charges at the exporting station (vide above chart)	...	...	...	...	...	...	...	...	100 0 0
Transportation cost for one wagon load of Banana from Garden to station	...	...	...	...	...	...	...	...	150 0 0
Railway Freight to Delhi	..	...	...	...	...	...	...	...	1,000 0 0
									<hr/> 3,550 0 0

The above analysis shows that the agriculturist has to pay by way of Railway freight for one wagon load of Banana Rs. 1,000/— out of his net sale realised for one wagon i. e., Rs. 3,550/—. That means he has to spend 29% of his wagon sale on Railway freight alone. Over and above this he has to pay transport charges for his produce

from Garden to Station Rs. 150/-average i. e. 4. 3% of the net sale realised for one wagon load of Banana. Total transport charges thus come to 33. 3% of the price realised.

Our most humble opinion is that in no other country such a heavy freight is im-

sed on perishable Fruit like Banana which is a poor man's Fruit. Government of India had declared Banana as a subsidiary food and had encouraged the production of it in the War period. The heavy freight is, therefore, a tax on poor man's food and is not in tune with the Government policy.

This heavy railway freight on Banana wagon has deprived the agriculturist from getting even his labour charges for 18 solid months required for raising the crop. The value realised per one acre of production of Banana is Rs. 3550/—(all that he realises for 18 months hard labour on land). This price is eaten up by cost production Rs. 2800/—, additional transport charges Rs. 150/—and Rs. 400/—marketing and other station charges and Rs. 1000/—Railway Freight.

Thus it will be seen that the agriculturist does not earn any reasonable income for his 18 months' labour.

The effect of all this is very disastrous on the production of Banana. The acreage under production in East Khandesh is going down from year to year (vide acreage chart). If the production goes down the Railway freight income will necessarily suffer as the export of Banana to marketing

centres like Delhi, Kanpur, Lucknow and Bombay etc., will be reduced.

At present Railway might be earning from stations of East Khandesh about Rs. 40,00,000/—by way of freight on Banana export. If the present freight structure continues, Railway will lose substantial portion of its income. This could however, be easily remedied by bringing the Banana Parcel wagon freight level to the pre-1948 level which is very reasonable.

This reduction will give an impetus to the Banana producers of East Khandesh and they will be encouraged to raise the production of Banana which will prove to be a compensating factor to the Railway as their freight income will shoot up.

We are prepared to give evidence before the Committee at Bhusawal, Bombay or Delhi and substantiate our arguments, if necessary.

We, the representatives of the Co-operative Fruit Sale Societies and Fruit Growers' Associations of East Khandesh therefore, humbly request the honourable members of the Railway Freight Structure Enquiry Committee to consider our case sympathetically and bring the Railway freight level for Banana wagon to pre-1948 level.

*Railway freight Rates for Perishable Wagons from Different Stations in East Khandesh District to Delhi and Bombay (Byculla) for the period from 1941 to 1955, by Passenger and Parcel trains.*

Station	1-1-1941 to 30-4-1942	1-5-1942 to 28-2-1949	1-3-1949 to 31-5-1949	1-6-1949 to 19-11-1950	20-11-1950 to this date
	Rs.	Rs.	Rs.	Rs.	Rs.
Chalisgaon			To. Delhi.		
Shirud	583	648	976	1,125	1,102
Kajgaon	560	623	941	1,097	1,072
Pachora	551	613	925	1,069	1,058
Maheji	545	604	916	1,069	1,048
Mhasawad	540	600	909	1,069	1,043
Sirsoli	538	597	903	1,041	1,039
Jalgaon	532	592	896	1,041	1,029
Bhadli	527	585	887	1,041	1,020
Bhusawal	522	580	879	1,013	1,013
Duskheda	—	578	873	1,013	1,006
Savda	516	574	868	1,013	1,001
Mimbhore	513	570	661	1,013	994
Raver	509	565	854	1,013	987
Waghoda	505	562	848	985	980
Chalisgaon			To. Bombay (Byculla).		
Shirud	230	255	341	507	479
Kajgaon	233	248	324	479	465
Pachora	234	260	348	507	483
Maheji	240	267	362	507	495
Mhasawad	245	273	372	507	502
Sirsoli	—	277	381	535	502
Jalgaon	254	283	392	535	518
Bhadli	260	289	404	535	525
Bhusawal	264	284	414	563	535
Duskheda	—	298	422	563	542
Savda	271	302	429	563	547
Nimbhora	276	307	438	563	554
Raver	280	312	447	563	561
Waghoda	284	315	455	591	568

## PART I—B

## ANNEXURE VIII

Q: 1 Statement showing Acreage under Banana Cultivation in East Khandesh since 1938-39 to 1954-55.

Year.	Total acreage.	Acreage useful for marketing.	Yield in maunds.	Approximate No. of parcel wagons that could be loaded.
	A	B	C	D
1938-39	5000	2500	13,75,000	1250
1939-40	6000	3000	16,50,000	1500
1940-41	6300	3150	17,32,500	1575
1941-42	6500	3250	17,87,500	1625
1942-43	6500	3250	17,87,500	1625
1943-44	6500	3250	17,87,500	1625
1944-45	8000	4000	22,00,000	2000
1945-46	13300	6650	36,57,500	3325
1946-47	16300	8150	44,82,500	4075
1947-48	20000	10000	55,00,000	5000
1948-49	19900	9950	54,72,500	4975
1949-50	18700	9350	51,42,500	4675
1950-51	18700	9350	51,42,500	4675
1951-52	16300	8150	44,82,500	4075
1952-53	15000	7500	41,25,000	3750
1953-54	15900	7950	43,72,500	3975
1954-55	15100	7550	41,52,500	3775

Note(a) The figures have been collected from the office of the Dt. Agricultural Officer. Only round figures have been given. The figures relate to the acreage under Banana production in E. Khandesh.

(b) The total acreage is not effective for marketing as the Banana crop requires 18 months to raise and to get it ready for marketing. The total acreage figures shown in column 'A' are nearly double i.e. new and old. The effective acreage of Banana production ready for marketing is therefore half the total acreage and is given under column 'B'.

(c) The total yield in one acre of Banana is about 550 maunds. i.e. 2000 bunches, and one loaded wagon contains about the same quantity of Banana.

(d) The approximate No. of Parcel wagons that are generally loaded and despatched to Markets like Delhi, Bombay, Agra, Mathura, Kanpur, Naini etc. are given in column 'D'. The remaining produce is despatched by Goods and lorry loads to small marketing centres for local consumption.

Q: 2. Railway freight for Banana was increased to a great extent from 1-3-49. The effect of this increase in Railway freight was most taxing on the common Banana Producers because the increase in Railway freight affected his nett income that he used to earn by his hard labour. The Railway freight became a burden on him which he could not bear.

The cost of production for one acre of Banana for 18 months that are required for raising the crop comes to Rs. 2,300 on an average (vide chart attached). He has to pay Rs. 150 as transport charges from his garden to nearest Railway Station where he loads his wagon for markets like Delhi, Lucknow, Kanpur, Bombay etc. He has to pay about Rs. 1,000 as Railway freight for Delhi and other upcountry markets (see the comparative Railway rate structure from time to time attached). At Delhi and other selling markets he has to bear mar-

keting expenses such as commission of Dalal, delivery charges etc., which come to Rs. 300 to 400.

The Banana Producer gets an average price for his one wagon load of Banana about Rs. 3,500 to 3,600 on an average (price spread chart attached).

Thus it will be seen that practically he has to spend about 1/3rd (33.3%) of the price realised for one wagon load of Banana on Railway freight and other transport charges. The cost of production and the transport and marketing charges eat away what he realises from his produce leaving him practically no margin of income for his hard labour.

The total effect of this increase in Railway freight has resulted in decreasing the acreage of Banana under production from year to year since 1948 (vide chart of acreage attached).



Q: 3. Generally 90% of the produce is exported by rail to markets like Delhi, Kanpur, Lucknow etc. and Bombay and remaining 10% by carts and lorry loads to nearby consuming markets like Nasik, Jalgaon, Malegaon, Dhulia, Kopergaon, Bela-

pur, Nagar etc. There is no transport of Banana by River or by Canal.

Q: 4. Weekly price spread and monthly average rate for one wagon load of Banana in Delhi market during the peak season i.e. in the months of August 1954 to December 1954:—

Month	1st week.	2nd week.	3rd week.	4th week.	Average.
	Rs.	Rs.	Rs.	Rs.	Rs.
August	3900/4500	4000/4700	4500/5000	3700/4400	4262
September	4000/4400	4100/4600	3700/4100	4000/4600	4150
October	4100/5000	4000/4800	2500/3400	2800/4000	3900
November	3100/3600	3400/4200	3500/4100	3000/3400	3500
December	3500/4000	3600/4000	3000/3600	3300/4000	3400

#### Bombay Market.

August	3100/3700	3000/4800	4000/4800	3000/4200	3825
September	2600/4300	2800/3800	2800/3400	2000/2800	3062
October	3000/3600	2000/2500	2200/3100	2000/2600	2550
November	2400/3000	2500/3400	3000/3300	2900/3400	2987
December	3000/3200	2900/3400	2500/3200	2800/3000	3000

The above chart for Delhi market will show that the producer realised Rs. 3850/- for one wagon load of Banana on an average during the season 54-55. 1/3rd of the above price realised by the producer is generally absorbed in Railway freight alone. (More details are given in reply to query No. 2 of annexure VIII).

Q: 5. Approximate number of Banana wagons despatched from East Khandesh by rail for the distances of—(during the season 1954-55):—

201 to 300 miles	350 wagons
400 to 500 miles	25 wagons
500 to 600 miles	425 wagons
600 to 700 miles	2585 wagons

#### EXPENSES FOR THE CULTIVATION OF BANANAS PER ACRE IN EAST KHANDESH.

Serial number.	Different items of expenditure.	By Mot.	By Oil Engine pump.	By Electric pump.
(1)	(2)	(3)	(4)	(5)
		Rs. a. p.	Rs. a. p.	Rs. a. p.
Preliminary labour.				
1.	Plucking of bushes, etc. ...	3 0 0	3 0 0	3 0 0
2.	Ploughing by iron plough (twice) ...	48 0 0	48 0 0	48 0 0
3.	Kolapne (twice) ...	11 0 0	11 0 0	11 0 0
4.	Removal of grass, etc. (6 women labourers). ...	3 0 0	3 0 0	3 0 0
5.	Cattle manure 50 carts at Rs. 6 each ...	300 0 0	300 0 0	300 0 0
6.	Transport for 50 manure carts at Re. 1 per cart ...	50 0 0	50 0 0	50 0 0
7.	Manuring charges (4 labourers at Rs. 1-8-0 each ...	6 0 0	6 0 0	6 0 0
8.	Kolapne ...	5 8 0	5 8 0	5 8 0
9.	Price for seed (2,000 at Rs. 25 per thousand). ...	50 0 0	50 0 0	50 0 0
10.	Transport for seed and sowing charges ...	25 0 0	25 0 0	25 0 0
11.	Kolapne (4 times) ...	22 0 0	22 0 0	22 0 0
12.	Khod Tunai ...	3 0 0	3 0 0	3 0 0
13.	Removal of grass (4 times) ...	20 0 0	20 0 0	20 0 0
14.	Extra manure 1st dose ...	95 0 0	95 0 0	95 0 0
15.	Manuring charges ...	10 0 0	10 0 0	10 0 0
16.	Extra manure 2nd dose ...	95 0 0	95 0 0	95 0 0
17.	Manuring charges ...	10 0 0	10 0 0	10 0 0
18.	Removal of leaves (thrice) ...	3 0 0	3 0 0	3 0 0
19.	Chalani (4 times) ...	40 0 0	40 0 0	40 0 0
20.	Soil turning (twice) ...	24 0 0	24 0 0	24 0 0

## EXPENSES FOR THE CULTIVATION OF BANANAS PER ACRE IN EAST KHANDESH—(Contd.)

Serial number.	Different items of expenditure.	By Mot.	By Oil Engine pump.	By Electric pump.
(1)	(2)	(3)	(4)	(5)
		Rs. a. p.	Rs. a. p.	Rs. a. p.
	Preliminary labour.			
21.	Irrigation charges (watering 76 times with one man's labour) ...	1,425 0 0	1,874 0 0	988 0 0
22.	Watchman ...	100 0 0	100 0 0	100 0 0
23.	Lease amount ...	200 0 0	200 0 0	200 0 0
24.	Interest (deducting water charges) ...	200 0 0	200 0 0	200 0 0
	Total production cost ...	2,748 8 0	2,197 8 0	2,311 8 0
25.	Coolie charges for taking the bunches out of the garden ...	50 0 0	50 0 0	50 0 0
26.	Removal of stems after cutting the bunches.	5 0 0	5 0 0	5 0 0
27.	Transport charges from garden to station ...	150 0 0	150 0 0	150 0 0
28.	Wagon loading, Hamali, Tea and other station expenses ...	50 0 0	50 0 0	50 0 0
	Additional transport expenses upto station ...	255 0 0	255 0 0	255 0 0
29.	Railway freight (Delhi) ...	1,000 0 0	1,000 0 0	1,000 0 0
30.	Commission, delivery charges, hamali and telegram, etc. ...	300 0 0	300 0 0	300 0 0
	Total ...	4,303 8 0	3,752 8 0	3,866 8 0

DELHI

The D. C. M. Chemical Works,

Delhi.

## GENERAL

We enclose herewith a copy of our letter addressed to the Assistant Development Officer (Heavy Chemicals), Ministry of Commerce and Industry, Development

Wing (Chemicals-I), Shajahan Road, New Delhi regarding railway freight on caustic soda and hydrochloric acid, etc. for your kind consideration.

Copy of letter No. S/L-5/ 14059 dated 1st November 1955 from the General Manager, The D.C.M. Chemical works, Post Box No. 1211, Delhi to the Assistant Development Officer (Heavy Chemicals), Ministry of Commerce and Industry, Development Wing (Chemicals-I), Shajahan Road, New Delhi.

Sub : Railway Freight on Caustic Soda etc.

Ref : Your letter No. CH/I/Gr. II/A/31/7/55/7385 dated 9-9-1955.

1. **Caustic Soda:** Caustic soda, as you are aware, is first manufactured in the liquid form later on fused to the solid for packing in drums and transporting over long distances.

We are trying to market maximum quantities in the liquid form. We are, however, handicapped in doing so because of the excessive freight rates on liquid caustic soda.

as compared to solid. According to I.R.C.A. Goods Tariff No. 27, caustic soda in wagon-load is classified under WL/B while liquid caustic soda is under class 3. You will, therefore, observe that the freight on solid caustic soda is being charged under much lower classification.

Besides the above, liquid caustic soda is generally marketed in 50% strength so that the actual effective freight rates on 100% basis are double the charged rates. We enclose herewith a statement for actual freight per maund worked out on solid and liquid caustic soda on distances 100-900 miles. Thus, you would see that the freight on imported caustic soda to inland towns is competitive with the freight payable by us on liquid caustic soda for smaller distances and as a result there is a keen competition between imported and the indigenous material. To sell in this competitive market we have to sell at rates which are much below our economical realisations. It is, therefore, very essential for the growth of our industry that liquid caustic soda be classified where net freight rate would be

half of solid caustic soda so that the net rate of transportation in drums of 100% material is the same. It is obvious that unless this disparity in freight rates of solid and liquid is removed, it will not be possible for the indigenous manufacturers to sell caustic soda at rates competitive with imported materials.

2. *Hydrochloric Acid*: Sulphuric Acid in most of the industries can be replaced with advantage by Hydrochloric Acid which is available very cheap from the electrolytic caustic soda factories consuming Indian Raw Material Common Salt. In Northern India, we are the biggest manufacturers of Synthetic Hydrochloric Acid and there is a great scope of marketing this acid in Kanpur and Amritsar. But the main handicap in marketing this acid is the present freight structure in the railways, due to which the transport cost is very excessive. We give below the present transport cost per ton of Hydrochloric Acid Ex-Delhi to Kanpur and Amritsar:—

Distance Miles	Outward			Inward-Empties			Total per ton
	Class	Rate per md.	Amount per ton	Class	Rate per md.	Amount per ton	
		Rs. a. p.	Rs. a. p.		Rs. a. p.	Rs. a. p.	Rs. a. p.
Delhi to Kanpur 273	XV	3 1 5	118 4 4	XII	1 10 8	18 4 8	136 9 0
Delhi to Amritsar 280	XV	3 2 7	121 1 0	XII	1 11 3	18 11 2	139 12 2
Gross weight for 1 ton of Hydrochloric Acid in rubber drums.					3,140 lbs.		

If we take up the price of Hydrochloric Acid as low as Re. 0-1-0 per lb, i. e. Rs. 140 per ton f. o. r. Delhi, the delivered cost works out to Rs. 276-9-0 per ton f. o. r. Kanpur and Rs. 179-12-2 per ton f. o. r. Amritsar. This acid is to replace Sulphuric Acid and for every ton of sulphuric acid 2.2 tons of Hydrochloric Acid is required, and so it corresponds to Rs. 698-7-0 per ton of sulphuric acid f. o. r. Kanpur and Rs. 615-7-7 per ton f. o. r. Amritsar. The normal selling rate of sulphuric acid at these places remains between Rs. 380 to 400 per ton

and as such it cannot be used. It is, therefore, requested that the railway freight structure should be revised in such a way that its landed cost may work out comparative to sulphuric acid and for this purpose we suggest that hydrochloric acid may be classified in class I and empties in class II. We propose empties in class II as all other empties except rubber drums are at present classified in class II. On the basis of the proposed rates the transport cost works out as:—

Distance Miles	Out-ward			Inward-Empties			Total per ton
	Class	Rate per md.	Amount per ton	Class	Rate per md.	Amount per ton	
		Rs. a. p.	Rs. a. p.		Rs. a. p.	Rs. a. p.	Rs. a. p.
Delhi to Kanpur 272	I	0 12 6	29 14 7	II	0 13 8	9 6 0	39 4 8
Delhi to Amritsar 280	I	0 12 6	20 11 5	II	0 14 0	9 9 8	40 5 1

The Total cost of hydrochloric acid will be Rs. 170-4-8 per ton f. o. r. Kanpur and Rs. 180-5-1 per ton f. o. r. Amritsar.

## THE D. C. M. CHEMICAL WORKS, DELHI

## Freight Rates of Liquid Caustic Soda vs. Solid Caustic Soda (vide I. R. C. A. Goods Tariff)

Form	Classification	Rate per maund
Solid caustic Soda in wagon load	WL/B (RR)	0.48 pies per mile for the first 100 miles 0.32 pies per mile for the next 300 miles 0.23 pies for distance beyond.
Liquid caustic Soda	Class 3 in tank wagon (OR)	0.64 pies per mile for the first 300 miles 0.54 pies per mile for the next 300 miles 0.42 pies per mile for beyond.

## Calculated freight rates in liquid caustic soda Vs. Solid caustic soda

Distance in miles	A		B			Ratio B: A
	Classification	Freight per md.	Classification	Ft. per md. on 50% basis	Ft. per md. on 100% basis	
		Rs. a. p.		Rs. a. p.	Rs. a. p.	
100	WL/B	0 5 10	3 OR	0 5 4	0 10 8	1 : 83
200	"	0 7 8	"	0 10 8	1 5 4	2 : 78
300	"	0 10 4	"	1 0 0	2 0 0	3 : 10
400	"	0 13 0	"	1 4 6	2 9 0	3 : 16
500	"	0 14 11	"	1 9 0	3 2 0	3 : 41
600	"	1 0 10	"	1 13 0	3 11 0	3 : 50
700	"	1 2 9	"	2 1 0	4 2 0	3 : 52
800	"	1 4 8	"	2 4 8	4 9 0	3 : 53
900	"	1 6 7	"	2 8 0	5 0 0	3 : 54

All India Distillers' Association,

New Delhi.

## PART I-A

Q: 1. (a) After the adoption of 1948 revised classification the distillery industry has been affected adversely as molasses is transported in wagon load & on this W.L./C: OR, W.L./CR: RR conditions are applied with full terminal & short distance charges which did not exist before 1948 as there were flat rates on wagon loads without terminals & short distance charges. Molasses is a raw material and consigned only in wagon load on distances not beyond 50 to 100 miles. Loading, unloading is done by the consignees and consignors themselves. Thus railway is not rendering any help regarding terminal service for which they have levied -/-6 per maund terminal charges at either end. These terminal charges were levied from 1948 and since then there is no increase in the terminal services or facilities that were existing before 1948. The cost of the raw material is hardly 3 annas to 4 annas a maund but with this full terminal & short distance charges which come to 1½ annas per maund the cost of freight on the material frequently comes to

6 to 7 annas a maund which is practically double the cost of material itself.

(b) This does not arise in case of this industry so far molasses is concerned but on finished products this telescopic grades are helpful but again the terminal charges 6 pies per maund at either end when levied are unreasonable because loading and unloading are done by the Consignee and Consignor.

(c) Same as above and for instance Central Distillery Meerut can get molasses cheaper by road for distances within 20 miles than by rail.

Q: 2. a & b. No.

Q: 3. (i) Not adequate as molasses is a raw material and no concessional rates are offered by the railway as given to industries like paper mills & straw board etc. We suggest that there should be station to station rates without terminal & short distance charges.

(ii) (a) No, the number of legs and the distance range in legs have been fixed arbitrarily without looking to the volume of traffic, type of traffic and the distance it has to travel. Economics of transportation call for a special classification and special legs for the traffic which generates bigger volume of transportation in term of longer distance.

(b) This has to be worked out looking to the traffic and the commodity which has to be transported.

Q: 4. Yes, the facilities of wagon load scales should be extended to all such commodities which are transported on wagon load basis on longer distances irrespective of the type of commodity and the traffic which is carried beyond 1500 miles should be carried free as it is done in the case of two commodities like grains and manures.

Q: 5. (i) Terminal charge: It should not be charged because it is observed that in many cases the terminal charge is more than the freight itself as given in para 1.

(ii) Short distance charge: This should be completely abolished.

(iii) Transshipment charge of 3 pies per md. should be reduced and in certain cases it should be abolished and railway should adopt mechanical devices for the transshipment and try to avoid pilferage and shortage in the transshipment of goods. In coal special some of the Industries have found out that the wastage is from 10 to 12% of the total coal.

In case of terminal charge the quantum of charge should be fixed on the terminal facilities and the terminal services rendered to the Industry and it should not be fixed arbitrarily as it is provided in the statute of the Railway Act that terminal is to be charged only for the terminal facilities and terminal service and not as a source of revenue to the Railways.

Q: 6. No change.

Q: 7. Freight should be charged on actual mileage.

Q: 8. There should not be any haulage charge for the movement of empty tank-wagons and this principle is already being followed by most of the Railways and so this should be extended to all railways.

Q: 9. The present method of classification is not proper and it needs modifications.

Q: 10. No comments.

Q: 11. Yes, for the despatch of spirits in wagon load there should be special wagon load rates for power alcohol, rectified spirit, and denatured spirit.

Q: 12. No comments.

Q: 13(a). The rate of minimum charge per consignment for smalls should be reduced to Annas 8/-

(b) No.

Q: 14. No comments.

Q: 15. There should be no change from the present system.

Q: 16 (i). The present wagon condition for minimum weight is all right.

(ii) Yes the rate for wagon load should be lower than the rate for the smalls.

(iii) Yes, the rates for loading beyond the minimum weight per wagon should be reduced to encourage loading upto the fullest extent.

Q: 17. In our opinion the train load traffic is feasible and should be encouraged by quoting special rates for such traffic.

Q: 18. In our opinion there should not be any additional charge for special goods service.

Q: 19. The present conditions for the supply of cranes are unsatisfactory. No demurrage should be charged on a consignment for which the services of a crane are utilised and a notice in advance should be given to the Station Master for providing a crane. The charges for the crane services should be on weight basis rather than on the hourly basis.

Q: 20. No comments.

Q: 21. The present system should continue as alternative means of transport are not available and not adequate.

Q: 22. Generally it has been observed that the freight rates for short distances charged by the Railway are higher than alternative means.

Q: 23. We consider the suggestion for a freight pool a sound suggestion and we would also support the view that it should be excluded from the traffic over an irrespective distance. We however suggest the following commodities to be included in the freight pool:

Iron and Steel, Coal, Cement, Salt, Petrol, Jute on All-India basis, Molasses, Vegetable oil, Sugar and Alcohol on zonal basis.

Q: 24. No comments.

Q: 25. We would suggest that such a pool should be worked by the Railway in collaboration with the Industry.

Q: 26. Yes, looking to the need of the Agricultural and Industrial development in the country that is going to be in the next 5 years, the railways should have more rolling stock.

Q: 27. It was not in the knowledge of the public as to what instructions the Railway Board have given to the Railways and for what commodities, for waiving short distance charges. This should be brought to the notice of the public so that those who have legitimate cases should approach the Railways concerned for such concessions.

Q: 28. We have no statistics.

Q: 29. The abolition of station-to-station rates has adversely affected the Power Alcohol Industry and we would suggest re-introduction of the same so far adoption of the principle of telescopic rates on the continuous mileage over the different railways is concerned it is favourable.

Q: 30. We agree with the suggestion and we think it should be immediately introduced.

Q: 31. At present the Railway freight rate policy is based only on considerations



of economics of transportation and the need of railway finance. Not only this, rather the Railway is making very heavy profits which go to the general revenue and in under-developed country like ours the railway must take some risk in providing transportation links which will encourage the industrial development ultimately and the Railway on the long range policy will be able to meet all the expenses in the investment made in putting their lines in developed areas of India. A public utility industry like Railway should not work only with profitable motives but with an idea of serving the public in general.

Q: 32. Yes, the railway freight structure should be so based as to help the industrial development of the country or putting up of new industries.

Q: 33. The Railway Administration should render some assistance to the establishment of Industries which do not already exist in the country or in different regions but it should not in any way adversely affect

the Industries existing already in the particular region.

Q: 34. We do not agree with the view that inflated mileage for a limited period may be the basis for charges. For financing such under-developed schemes the revenue should be sought from some other sources.

Q: 35. No comments.

Q: 36. Railway should resort to borrowing if its own revenues may not be sufficient to finance the schemes for a certain period.

Q: 37 to 40. No comments.

Q: 41. We are more in favour of stable rates.

Q: 42 to 43. No comments.

Q: 44. The price for our finished products are quoted ex. factory.

Q: 45 to 55. No comments.

## The Atlas Cycle Industries Ltd.,

Sonepat.

### GENERAL.

We enclose herewith a note regarding Freight Structure in so far as it has bearing on Cycle Industry and affects us. We shall very much appreciate if this note is placed before the Committee for consideration in due course.

*Note:* Cycle Industry in India is of a comparatively recent origin and has to go a long way to be able to meet the demand of the Indian Markets in full and to eliminate the import of foreign cycles in the country. At the same time plans are to be drawn up to capture foreign markets in countries around India to be able to secure valuable foreign exchange and increase India's international trade.

For the proper developments of the industry and to ensure that India-made cycles can compete with imported cycles it is essential that the cost of the cycles should be kept as low as possible. This is also necessary if Indian Cycles are to compete with foreign cycles in export markets. For this purpose the freight on raw material used in the manufacture of cycles as also freight on the finished goods should be kept as low as possible.

In the matter of raw material, railway freight as per current schedules on some of the items from Bombay to Sonepat is as under:—

1. Cycle Components	...	Rs. 5 2 5	per maund
2. Steel Tubes	...	Rs. 2 12 4	do
3. Machinery	...	Rs. 3 1 0	do

It would be observed that the freight rate for cycle components is much too high as compared with the rate for tubes and machinery. This is all the more anomalous because the components are securely packed in cases made easier to handle than tubes and take much less space.

As regards finished goods, under the existing arrangement cycles and cycle parts are included in Schedule XIII of the Indian Goods Tariff which includes for the most part items of luxury such as motor cars and motor cycles. It would be admitted that cycles are in no way an item of luxury as it is a poor man's conveyance and is an item of every day use. The high freight ultimately falls on the consumers and heavy cost keep the cycles out of the reach of lower income group.

It will not be long before Indian Cycle Manufacturers start export of cycles to foreign market. Indian cycles will be able to find markets only if these can compete with other imported cycles in price. For this purpose also it is essential that freight on cycles and cycle parts be kept as low as possible.

In our opinion cycles come under the category of machines and for Railway freight purposes also these should be included in the same schedule in which machinery is included.

Previously cranes for unloading heavy cases of machinery and raw materials used to be provided on application no demurrage was charged on uncleared goods upto the time crane was not available. This facility has now been withdrawn and customers have to pay very heavy demurrage for the period for which cranes are not made available even though requisition for crane is made well in advance.

As in the case of smalls, responsibility of unloading heavy cases should be of the Railways and demurrage should not be charged for the period upto which crane is not supplied for unloading.

MADHYA BHARAT  
The Madhya Bharat Millowner's Association,  
Indore.

GENERAL

we hereby take this opportunity to welcome the appointment of the Freight Structure Enquiry Committee as a result of the pressing demand of the mercantile community for a thorough revision and recasting of the entire freight structure to suit the requirements of conditions that have changed considerably after the attainment of Independence and of the conditions that are expected to prevail in the Second Five Year Plan. By doing this, the Government of India has displayed an awareness towards the basic importance or role of Railways and their vital influence on the success or failure of the nation's developing economy, with increasing stress on rapid industrialisation and productive capacity, it is imperative that easy and economic transport should be made available.

Prior to this, piecemeal changes in the freight charges have been made with the sole objective, we think of increasing the financial resources of Railways. In undertaking such revision, the administration has, we feel, neglected to assess the adverse effect of such unilateral decisions on the economy of the country. In short the Railways appear to have only adopted a policy of increasing their revenue without regard to its role of helping the development plans of the country. All such plans are sure to falter on a faulty freight structure and the Committee therefore should undertake a thorough revision of the entire structure and base its recommendations with a view to meet the above requirements. We believe that by doing so, the objective of increased revenue would also be simultaneously fulfilled.

The questionnaire issued by the Committee is too technical and covers a wide range and variety of questions which in the absence of requisite data is very difficult for us to answer fully. But it is the general policy that is of fundamental importance, and we would therefore confine our observations to the general policy in relation to the basic need of country's developing economy.

It is very obvious that easy and economic availability of transport has a great bearing on industrial expansion. It has been urged in all quarters that extant Railway freights are very high and have tended to unduly raise the cost of production. Under the present prevalence of buyers' market, it is a compelling necessity to ensure as low a cost of production as possible with a view to retain and rather strengthen the competitive capacity. The Railway Freight rates were last revised in the year 1948 when a certain principle of telescopic rates appeared to have been adopted. But the higher basis of charges resulted in high freight rates. Thereafter freight rates in respect of various commodities have been separately subjected to various increases. To quote an instance, to checkmate the inflationary trend in prices the Government had allowed a 12½ per cent. rebate on

Railway freight in respect of coal to certain specified industries, but this was only too short-lived. In the year 1952, not only this 12½% rebate was withdrawn, but coal freights were also raised by another 30 per cent. This meant an overall increase of about 42½% in the freight rates of this basic requisite material of the industry. We feel that from the point of view of development of industry, there is no justification for it.

This increase being so fresh in our mind, the Government last year, thought it fit to raise freight rates for first 300 miles by another 10 per cent. For industries situated in the interior much of the traffic passes on between a radius of 400 to 600 miles and all such traffic has therefore tended to attract increased freight rates resulting in increased manufacturing cost. The industries situated in the interior have therefore always been the worst sufferers in this regard. For example, the textile mills in Madhya Bharat have to import most of their coal and stores from a radius of about 400 to 600 miles and so also for export, they are again required to transport their finished goods to port towns. This has tended to inflate the cost of goods from both ends and consequently the mills are put under handicap as compared with their counterparts in Bombay. This resort to arbitrary increase in freight rates has made things more difficult for the industry at a time when it is embarrassed by economic recession and compelled to prune overall cost of production. It is our feeling unfortunately that Railways have been often tempted to use or rather abuse their monopolistic position without taking into account repercussions on the general economy of the country.

Recently with effect from 1st December 1955, Central Railways have raised the siding charges in respect of wagons loaded at colliery sidings served by that Railway from Re. 1/- and Rs. 2/- per 4-wheeled and bogie wagon to Rs 3/- and Rs. 6/- respectively for each such wagon. This, it would be readily conceded is another instance where Railways have tried to take advantage of their monopolistic position in utter disregard of reason or justice.

In the context of the above, it is in our opinion very essential that certain basic principles be laid down governing the determination of freight rates. First and foremost it should evince a natural awareness towards the requirements of country's developing economy. Naturally therefore freight rates should be such as to stimulate the growth of country's economy and not hamper its progress. Utility as also the commercial value of the service should be the next criterion in fixing the freight rates. These three principles should guide the Railway policy and determination of freight rates.

Secondly, the classification of goods for the purpose of Railway freights should be

suitably revised taking into account the value of the goods and their capacity to bear the cost of carriage. Only a radical change in the concept of Railway economy under the transformed conditions can lead to evolve a fair and just freight structure capable of fulfilling the role assigned to Railways in the country's development plans. The freight structure should not be too rigid, but flexible to attune to the demands of the occasion. It is no part of the Railways to narrow down revenue deficits or add to surpluses. As a commercial concern of national importance, its sole objective should be to provide most economic transport facilities.

Appreciable difference in rates of smalls and wagon-load rates; introduction of train load rates etc. are some of the points in relation to which the impact of present high freight rates should be mitigated.

In the matter of providing railway sidings to various industries, railways should change their present basis of charges and undertake to provide these at concessional

rates so as to stimulate industrial development. In a way this would also be in furtherance of their own objective of providing increased transport facilities and helping national industrial development. The working charges for the sidings are also exorbitant and here again an abuse to the monopolistic position is observed.

Member Mills of our Association, placed as they are in the interior, have all along been feeling the severity of freight rates both in the procurement of their stores and coal and transport of finished goods and thus have been suffering from an apparent disadvantage as compared with those in or the vicinity of port towns. It is earnestly hoped that the Committee undertaking a judicious and fair revision of the freight structure would surely take into account this aspect of the problem and evolve a way whereby this handicap could be eliminated or reduced to minimum.

We hope the general observations made by us would receive due place in the recommendations that the Committee would make.

## The Gwalior Rayon Silk Mfg. (WVG.) Co. Ltd.,

Nagda.

### GENERAL

1. We have been manufacturing staple fibre since February 1954 and the main raw materials required are wood pulp, caustic soda and sulphur. All these raw materials have to be railed from Bombay to Nagda and our finished product is mostly consumed in Bombay and South India and, therefore, the incidence of railway freight on our finished product is considerable, being as much as 2.29 annas per lb. out of the total cost of 29.24 annas per lb. of staple fibre.

2. We have to face considerable competition from foreign manufacturers in Great Britain, Norway, Sweden, Holland, Italy, France and Japan. Apart from many other advantages enjoyed by our competitors, they have additional advantages inasmuch as staple fibre is consumed mostly in Bombay and South India places which are situated either at port or very near to the port and no freight is incurred by the mills on imported fibre.

3. Ours is the first industry of its kind in India. We had selected Nagda as the site in view of the policy of dispersion of industries in different regions of the country as recommended in the report of panel of artificial silk and rayon industry published by the Government of India in 1947. We had also been requested by the Local State Government to have the industry here as Madhyabharat is very poorly industrialised.

4. Our present monthly production and consumption of principal raw materials are as follows;

Production of staple fibre 14,000 mds.  
Consumption of:

wood pulp	...	540 tons
Caustic soda	...	400 tons
Sulphur	...	400 tons

Our production and consumption of the above commodities are expected to be doubled in course of a few months.

5. The position regarding the railway freight on the above commodities is as under:—

(a). *Staple fibre.* At present staple fibre falls under two heads of classification for the purpose of railway freight charges, viz.

- cotton (raw) full pressed includes P/21, S/13. Simul cotton, staple fibre (artificial cotton) class 8 R.R.
- cotton (raw) half pressed includes P/21, S/15 Simul cotton staple fibre (artificial cotton) class 12, R.R. there being no corresponding scale of rate for wagon load traffic.

By including staple fibre under the head of cotton raw and by the railway definition of the terms 'full pressed' and 'half pressed' on page 311 of the I.R.C.A. Goods Tariff No. 29, i.e. ('full pressed' meaning when pressed to 30 lbs. per cubic foot and upwards and 'half pressed' meaning when pressed to 15 lbs. and above but under 30 lbs per cubic foot), we are not permitted

to avail of the lower class 8 rate for staple fibre.

Staple fibre is hydraulically machine-pressed to 20/25 lbs. per cubic foot which is much higher than 15 lbs. We can safely load 400 mds. per wagon. But we are being charged at higher rate under class 12 which naturally places us at a very serious disadvantage, especially when the imported fibre for the mills at ports has to pay no railway freight at all. It may be added that our fibre has to go by rail not only to Bombay but to long distances like Madras, Madurai, Coimbatore etc.

We therefore request you to please re-classify staple fibre. It should not be included in raw cotton as this is a distinct commodity by itself. The definition of 'full pressed' and 'half pressed' as applied to cotton should also be not applicable to staple fibre. Instead the definition 'full pressed' should be so made as to cover fibre when pressed to 20 lbs. per cubic foot or more. The definition of 'half pressed' should be so made as to cover fibre when pressed to below 20 lbs. per cubic foot. We also request you to please fix a suitable wagonload scale for staple fibre.

(b) *Freight of wood pulp.* This commodity is chargeable under the head of pulp and pulp sheets at a class 2 rate R.R. It will be noted that for an important raw material like wood pulp there is no corresponding scale of charge for wagon-load traffic. The class 2 rate from Bombay to Nagda is Rs. 1-4-3 per maund for small lots and the same rate is being made applicable to wagon-loads in the absence of a full-wagon load rate (although it is possible to give a full load of, as much as, 500 mds. per wagon). This system is detrimental to us as well as the railway. Under the present system of registration for wagons, the railways have fixed a minimum weight of 240 mds. or lower for all types of general goods. Now if the wagon-load scale say WL/F from Bombay to Nagda were applied and the wagon load weight increased to say 450 or 500 mds, the Railway would earn much more per wagon than they now get at class 2 rate. Besides much less number of wagons will be required by doing so, relieving the shortage of wagons to some extent.

We should therefore suggest for your kind consideration, the introduction of a suitable wagon load scale of charge with a minimum weight condition per wagon for this important raw material of a nascent industry. As a matter of interest we would draw your attention to the low ocean freight of Rs. 3-12-6 per md. from Sweden to Bombay (some 6,800 miles) and Rs. 5-8-0 per md. from Canada to Bombay (some 10,000 miles).

(c) *Caustic soda:* This commodity is now classified at 4 RR for smalls. There is also the WL/B wagon load scale applicable to caustic soda in minimum loads of 400 mds. per wagon. In view of our efforts to reduce the cost of production of staple fibre to enable us to compete with imported fibre, a suitable reduction may kindly be made in the freight rate.

(d) *Sulphur:* Sulphur is classified at class 6 RR for smalls and on this basis the railway rate from Bombay to Nagda comes to

Rs. 1-11-1 per maund. There is also a wagon load scale of charge viz. WL/H scale with a minimum weight for charge of 400 mds. per wagon. On this basis the rate from Bombay to Nagda comes to Rs. 1-0-11 per maund. It is submitted that the present classification 6 RR is rather excessive for a cheap primary article like sulphur and so is the classification in wagon load scale namely WL/H. In view of the special circumstances of our case having to meet very serious competition with the imported staple fibre, it is necessary to bring down the cost of production. It will be observed how the steamer companies are assisting foreign trade by charging Rs. 2-10-0 per maund only from America to Bombay covering about 9,000 miles.

6. In the end we would draw your attention to the specially low classification of raw material for the manufacture of paper and straw board viz., class 1 RR with the low wagon-load scale viz., WL/C.OR; WL./CR.RR subject to a minimum weight of 270 to 300 maunds.

As staple fibre industry has not developed much, this being the first plant in India, we could reasonably ask for a similar low classification with low wagon load scale for our raw material and finished products.

7. We therefore request you to please—

- (a) prescribe wagon-load scale for staple fibre with certain minimum weight condition.
- (b) not to include staple fibre under the heading of cotton but fix a separate classification for it in respect of 'small's' traffic which we suggest as class 6 for 'full pressed' fibre and class 8 for 'half pressed' fibre with suitable change in the definitions of 'half pressed' and 'full pressed' fibre as requested above.
- (c) prescribe wagon load scale for wood pulp which we suggest should be WL./C.OR; WL./CR.RR with certain minimum weight condition.
- (d) classify wood pulp in class 1 category instead of class 2 in respect of 'small's' traffic.
- (e) prescribe a reduced wagon-load rate for sulphur, and caustic soda as requested above.

#### PART I-A

Q: 5. We have no suggestions to make as regards short distance and transshipment charges. Regarding terminal charges, we feel that it should be levied only where the railway is required to do the loading and unloading and in that case too the quantum of charge should be limited to the actual cost of loading and unloading that may be incurred by the Railway.

Q: 9. We have no objection in the method of classification of goods as such but while taking items together, regard should be had to the inherent characteristics of each commodity. For example staple fibre has been booked together with raw cotton. The inherent characteristics of the two commodities are quite different from each other. While raw cotton is a natural product, staple fibre is man-made fibre made out of wood

pulp. We, therefore, suggest that staple fibre should be treated as a distinct commodity in itself.

Q: 10. So far as classification of goods at present is concerned, we suggest the following modifications:

(a) *Staple Fibre*. At present staple fibre falls under two heads of classification for the purpose of railway freight charges, viz.,

- (i) Cotton (raw) full pressed includes P/21, S/13 Simul cotton, staple fibre (artificial cotton) class 8 RR
- (ii) Cotton (raw) half pressed includes P/21, S/15 Simul cotton, staple fibre (artificial cotton) class 12, RR, there being no corresponding scale of rate for wagon load traffic.

By including staple fibre under the head of cotton raw and by the railway definition of the terms 'full pressed' and 'half pressed' on page 311 of the I.R.C.A. Goods Tariff No 29 i.e. ('full pressed' meaning when pressed to 30 lbs. per cubic foot and upwards and 'half pressed' meaning when pressed to 15 lbs. and above but under 30 lbs. per cubic foot), staple fibre is charged at class 12 rate.

Staple fibre is hydraulically machine-pressed to 20/25 lbs. per cubic foot which is much higher than 15 lbs. We can safely load 400 mds per wagon. But we are being charged at higher rate under class 12 which naturally places us at a very serious disadvantage, especially when the imported fibre for the mills at ports has to pay the railway freight at all. It may be added that our fibre has to go by rail not only to Bombay but to long distances like Madras, Madurai, Coimbatore, etc.

We therefore request you to please reclassify staple fibre. It should not be included in raw cotton as a distinct commodity by itself. The definition of 'full pressed' and 'half pressed' as applied to cotton should also be not applicable to staple fibre. Instead the definition 'full pressed' should be so made as to cover fibre when pressed to 20 lbs. per cubic foot or more. The definition of 'half pressed' should be so made as to cover fibre when pressed to below 20 lbs. per cubic foot.

A separate classification for staple fibre in respect of 'smalls' traffic which we suggest as class 6 for 'full pressed' fibre and class 8 for 'half pressed' fibre should be fixed.

We also request you to please fix a suitable wagon-load scale for staple fibre.

(b) *Freight of Wood Pulp*: This commodity is chargeable under the head of pulp and pulp sheets at class 2 rate RR. It will be noted that for an important raw material like Wood Pulp, there is no corresponding scale of charge for wagon-load traffic. The class 2 rate from Bombay to Nagda is Rs. 1-4-3 per maund for small lots and the same rate is being made applicable to wagon-loads in the absence of a full-wagon load rate (although it is possible to give a full load of, as much as, 500 maunds per wagon). This system is detrimental to us as well as the railway. Under the present system of registration for wagons, the

railways have fixed a minimum weight of 240 maunds, or lower for all types of general goods. Now if the wagon-load scale say WL/F from Bombay to Nagda were applied and the wagon-load weight increased to say 450 or 500 maunds, the railway would earn much more per wagon than they now get at class 2 rate. Besides much less number of wagons will be required by doing so, relieving the shortage of wagons to some extent.

We would draw your attention to the specially low classification of raw material for the manufacture of paper and straw board, viz. Class 1 RR with the low wagon-load scale, viz. WL/C. OR WL/CR.RR subject to a minimum weight of 270 to 300 maunds. As staple fibre industry has not developed much, this being the first plant in India, we could reasonably ask for a similar low classification with low wagon-load scale for our raw materials.

We therefore request you to classify Wood Pulp in class 1 category instead of class 2 in respect of "smalls" traffic.

We therefore suggest for your kind consideration, the introduction of a suitable wagon-load scale of charge (which we suggest should be WL/C. OR, WL/CR. RR) with a minimum weight condition per wagon for this important raw material of a nascent industry. As a matter of interest we would draw your attention to the low ocean freight of Rs. 3-12-6 per maund from Sweden to Bombay (some 6,800 miles) and Rs. 5-8-0 per maund from Canada to Bombay (some 10,000 miles).

(c) *Caustic Soda*: This commodity is now classified at 4 RR for smalls. There is also the WL/B wagon-load scale applicable to caustic soda in minimum loads of 400 maunds per wagon. In view of our efforts to reduce the cost of production of staple fibre to enable us to compete with imported fibre, a suitable reduction may kindly be made in the freight rate.

(d) *Sulphur*: Sulphur is classified at class 6 RR for smalls and on this basis the railway rate from Bombay to Nagda comes to Rs. 1-11-1 per maund. There is also a wagon-load scale of charge, viz., WL/H scale with a minimum weight for charge of 400 maunds per wagon. On this basis the rate from Bombay to Nagda comes to Rs. 1-0-11 per maund. It is submitted that the present classification 6 RR is rather excessive for a cheap primary article like sulphur and so is the classification in wagon-load scale namely WL/H. In view of the special circumstances of our case having to meet very serious competition with the imported staple fibre, it is necessary to bring down our cost of production. It will be observed how the steamer companies are assisting foreign trade by charging Rs. 2-10-0 per maund only from America to Bombay covering about 9,000 miles.

Q: 16. (i) It is not desirable to revise in the upward direction the existing W condition. We have another suggestion to make in this respect that in some cases the W condition may be increased with suitable change in the wagon-load scale, so that the owners will try to use wagons of larger capacity thereby reducing the cost of the Railway as well as reducing to some extent the wagon shortage.



(ii) We are strongly against adopting the present class rate for wagon-loads only, where wagon-loads are not prescribed at present. Instead we suggest that in such cases, suitable wagon load scales should be prescribed which will induce the owners to use full wagon loads rather than sending goods in smalls traffic. The present smalls traffic has been fixed without taking into account the economies effected by the Railway for wagon load traffic and the principle suggested in the questionnaire will be very harsh to the owners.

(iii) We feel that the reduction in the freight rate for quantities allowed beyond the minimum weights per wagon fixed for different commodities will naturally encourage loading up to the fuller extent. Our comments in our answer to Q: 16 (i) may also be read with this.

Q: 30. It will be quite in fitness of things that Station-to-Station rates be revived on a large scale so as to foster the development and extension of new industry and to assist export trade.

#### PART I-B ANNEXERF V.

Q: 1. Weights of principal raw materials and fuel required to produce one lb. of staple

fibre are as follows:

(a) Wood Pulp	...	1.10 lb.
(b) Caustic Soda	...	0.82 "
(c) Sulphur	...	0.75 "
(d) Steam Coal	...	5.00 "

Q: 2. Our total production from February, 1954 to 31st March 1955 was 1,00,01,000 lbs. and our production from 1st April to 31 October, 1955 (7 months) was 68,22,000 lbs. (We started manufacturing staple fibre in February, 1954).

Q: 3. The question does not arise as our production started only in 1954.

Q: 4. The principal raw materials are received from Bombay and the distance from Bombay to Nagda is 432 miles, which is the average longest and shortest distance.

The average distance for the traffic of finished goods is 675 miles.

The shortest distance for the traffic of finished goods is 187 miles.

The longest distance for the traffic of finished goods is 1419 miles.

Q: 5. The entire quantity of principal raw materials is received by rail.

Q: 6. The entire quantity of finished goods is despatched by rail.

Q: 7. (a) The average price and the railway freight in 1954-55 for the principal raw materials were as follows:

	Price without railway freight	Railway freight	
	Rs. a. p.	Rs. a. p.	
(a) Wood Pulp (per maund)	... 43 2 0	1 4 3	(since increased to Rs. 1-5-6)
(b) Caustic Soda (per maund)	... 23 1 0	1 1 1	
(c) Sulphur (per maund)	... 10 0 0	0 13 10	
(d) Coal (per ton)	... 15 5 0	14 14 0	

(b.) The prices of finished product were Rs. 1-12-6 per lb. f. o. r. destination.

Q: 8. Average monthly despatches of finished goods by rail for distances of:—

(i) 1 to 50 Miles	...	Nil
(ii) 51 to 100 "	...	Nil
(iii) 101 to 200 "	...	30,000 lbs.
(iv) 201 to 300 "	...	210,000 "
(v) 301 to 400 "	...	60,000 "
(vi) 401 to 500 "	...	535,000 "
(vii) 1,001 to 1,200 "	...	35,000 "
(viii) 1,201 to 1,500 "	...	340,000 "

Q: 9. & 10. Question not applicable.

## The Slate Pencil Supplying Agency,

Mandsaur (M. B.)

### PART I-A.

Q: 10. As far as the slate pencil is concerned the present classification of this commodity is not at all satisfactory. At present slate pencil is in class 4 & 6 for O.R. and RR Rates respectively. The slate pencils should be allowed the most concessional rates as it is a product of small scale cottage industry and used by the school going children. In the current days when the Government is giving all facilities for the education of children, the railway also should help in reducing the burden on the school going children by charging the lowest possible rates on slate pencils which are of their daily use.

Secondly the weight of the case containing slate pencils is comparatively higher than the value. One case contains goods valuing approximately Rs. 7/- and the weight of one case is 25 seers, thus the railway freight on slate pencils is very high, so you are requested to please re-classify slate pencils in class 1.

Q: 11. At present there is no difference in rates when slate pencil is moved in 'small' or wagon loads. Therefore the main traffic of slate pencils is moving in 'smalls' for want of wagon load facilities.

If special wagon load rates are allowed for slate pencils then it can be mostly moved in wagon loads thus reducing the 'smalls'. By allowing special wagon load rates for slate pencils the railway can help the slate pencil *cottage industry*. In this case the slate pencils can be sold to the retailers as well as the wholesalers at the same rate and thus bringing more wages for the workers of the slate pencil cottage industry. Moreover the dealers (wholesale) of farthest corners of India can get the goods at cheaper rates than prevailing under the current circumstances as they will get some concession in wagon loads, thus the slate pencil can be pushed more in the remotest corner of India in competition of the lead pencils and thus the production can

be increased and a good development of this cottage industry can be brought.

Secondly the movement of slate pencils can be mostly diverted from 'smalls' to wagon loads. Moreover this commodity being very delicate cannot bear the mishandling at various transshipment points while moving in 'smalls'. If moved in wagon loads the breakage can be avoided.

The weight of one case of slate pencils is approximately 25 seers and the average selling price is Rs. 7/- per case. As compared with the weight the average selling price of slate pencils is very low, so wagon load facilities may be granted on minimum loads.

Q: 30. The slate pencil cottage industry has a wide scope of development so it will be advisable to fix special station-to-station rates for slate pencils. The slate pencils which are manufactured in the Mandsaur District of Madhya Bharat are supplied throughout India and exported to Burma, Ceylon, East Africa, and Pakistan, 3/4th of the stone slate pencils manufactured in India are consigned from Mandsaur and Piplia of the Western Railway. As the weight of the slate pencil case is comparatively higher than the value the wholesale markets which are at longer distances have to pay 20 to 40% of the value of the slate pencils as railway freight and thus having a very bad effect on this cottage industry. So, for the development and prosperity of this new and small scale cottage industry, special station-to-station rates may be fixed for slate pencils so that the goods can be sold at reasonable rates throughout India and abroad. The station-to-station rates may be fixed for the following stations from Mandsaur and Piplia (W.R.):—

Ahmedabad, Amritsar, Bombay (Carnac Bridge), Calcutta (Howrah and Sealdah), Delhi-Lahori-Gate, Gorakhpur, Patna City, Poona and Secunderabad.

### MADHYA PRADESH.

## M. P. Minerals Industry Association,

Nagpur.

### PART I-A.

Q: 1 (b). Yes; speaking in general terms the adoption of telescopic rates was a commendable development and both industry and trade have, generally, benefited from it with a few exceptions.

An instance in point where no benefit, or negligible benefit has been derived, is the case of minerals like iron ore which is a low-unit commodity. The adoption of telescopic rates at present in force has brought no

benefits to the mining industry of M.P. in so far as iron ore is concerned.

To a lesser extent, the same is true of manganese ore produced in and exported from Madhya Pradesh. While prices now ruling may be good, this is a state of affairs which cannot be expected to last long. In normal times, prices are such that the present telescopic rates make it commercially uneconomic to produce and export any but the high grade varieties of ores.

Q: 2 (a). As manganese ore in which this Association is mainly interested, is mainly exported, the chief consideration is whether the present rates and manner of charging them are such as to allow a substantial relief to the mining industry in times of depression when rates and demand from abroad both go down. Our experience during the recent depression which invaded the manganese market in the second half of 1953 and which raged during the major part of the succeeding years, is that the present rates are not sufficiently flexible to help the industry tide over such lean years.

2: (b). In this connection, our experience is not quite satisfactory. It has been repeatedly brought to the notice of the railway authorities that the peculiar situation of Madhya Pradesh at the heart of the country and away from the major ports of shipment necessitates application of specially reduced rates or, if that is not possible under the existing rules and regulations, then the applications of the existing rates in such a manner as to nullify at least partially the disadvantage arising from M.P.'s remoteness from ports of shipment.

Q: 3 (b). So far as export of minerals like manganese and iron ore are concerned, we feel that the present rate per mile is on the higher side and may be reduced. At all times in the higher side ore and in normal times in the case of manganese, the present rate per mile has proved to be top-heavy factor. If the very existence of the industry is not to be menaced in normal times or in times of distress, it is necessary that the rate per mile for every 'leg' be scaled down substantially at least for the minerals like manganese and iron produced and exported out of M.P. The precise degree to which the reduction should be effected is a matter of details.

Q: 4: In our opinion, the system should continue in the case of classes for which it is now in force. Far from abolishing it, it deserves to be made applicable to certain other classes which include minerals. Due care must, however be taken to ensure that maximum rate is fairly low to benefit the trade and industry in regard to such commodities as manganese, and iron. It will also be desirable to reduce the present limit of 1,500 miles beyond which no freight will be charged in excess of the maximum rate.

Q: 6. If rate per mile per leg is reduced as suggested above, this is unnecessary. If, however, the above suggestions are not acceptable, it will be worthwhile to adopt a slightly higher unit with the rates per leg maintained at the present level.

Q: 9. On principle, there can be no objection. Prescribing rates for every individual commodity is an impossible task and some sort of classification is inevitable. But

in doing this due care has to be taken to see that low-unit and high-unit commodities are not grouped together under a common head. It must be borne in mind that while some commodities can bear with comparative ease the top heavy haulage to port, others like iron ore cannot due to the low prices they fetch. The present F.O.R Calcutta price for iron ore of fair grade is Rs. 36/- per long ton. The rate for manganese is at present much higher. Obviously, to group these two in one class and apply to them a common rate would be unfair. Although it has been stated in the question that price factor is taken into consideration while classification is done, we feel that its importance has not been sufficiently realised and there is some scope for improvement in this direction.

Q: 10. As we have stated above, the present classification should be modified where low unit and high unit commodities have got mixed up. The two should be separated and reclassified under different heads. It is clear that this will entail an increase in the number of classes, though there is a possibility that in certain cases, when commodities at present grouped in separate classes are brought together with the application of above principle, there may be reduction in the number of classes. But normally, it would seem that reclassification on above lines will give rise to increased number of classes.

Q: 16. (i, ii & iii) We are in favour of the 3rd alternative. This will operate as an incentive to consignors to make full use of the wagons' capacity.

Q: 17. The idea has certain advantages where there is a steady and sure market for a certain commodity. In the case of commodities which have a fluctuating and uncertain market mostly abroad, it may not be possible to derive benefit from this method of freight structure, assuming of course, that the train load rate works out to less than that worked out according to other methods. If by train load is meant to total tonnage of mixed type carried by a train, and freight is to be charged on the whole at a certain rate, the idea may not prove practicable as it will involve advantage to some and disadvantage to others. For goods of identical or similar type, the idea may prove feasible to a limited extent.

Q: 23. Although with the industrial development of the country, it is a certainty that minerals produced here will be locally consumed in increasing quantities, the position at present is that minerals like manganese, iron ore, bauxite, etc., are mostly exported abroad where they enjoy a market. However, in the times to come, this proposal may find useful application. We find that in Q: 24. it has been advanced as an argument that since import of raw jute into Calcutta involves less price to the cultivator beyond a limited radius of Calcutta thereby making it uneconomic to grow jute. The same argument applies to minerals like manganese and iron ore exported from M. P. The remoteness of Madhya Pradesh mines from various ports of shipment involves less price to the minerals producers of M. P. as compared to those in other states, which are situated nearer to the ports of shipment. The consequence is that in order

to compensate for this disadvantage the mine owners in M.P. have to confine themselves to the production of high grade varieties only. The lower varieties have either to be left unexploited or if they come out as side products in the process of extracting higher grades, they have to be put by as dumps until such time as there is a market for them. In view of this, it seems to us a good idea if the freight pool is so formed that all manganese or iron ore which is transported to Calcutta or Bombay or Vizagpatam, reaches there at one and the same rate of freight whatever its place of loading may be. But this is only one part of the story. If the scheme is to be of any use in promoting export of minerals, the pooled freight should be such as to bring about a substantial reduction in freight charges in the case of low-unit value goods such as iron ore. The present f.o.b. rate for iron ore Calcutta is Rs. 36/- per ton. The freight to Calcutta is about Rs. 23/- per ton. This leaves a bare Rs. 13/- for the mine owner, who has to pay out of this sum, the cartage, and other charges. In the circumstances it is not a feasible proposition to mine iron ore in M.P. despite its good grade. The only way to make this possible is to allow a concessional freight rate, or if such discriminatory rates are not permissible, for a specific area, then levelling of freight charges upto destination may be achieved by some such means as the formation of a pool.

Q: 28. We are not aware of such requests for other commodities. But so far as reduction of railway freight on iron and manganese ore in times of distress, were proposed by us several times. Since Feb. 1953, we have been in constant correspondence with the Railway authorities in this connection, and memorandum were submitted by us to the concerned authorities in Delhi from time to time; but we very much regret to state that so far we have not succeeded in persuading the Government to accept our proposal.

Q: 31. We are in general agreement with the above view. While the economic aspect of transportation so far as railways are concerned cannot be altogether brushed aside, as unimportant, there are other angles to the question which are equally important. In the case of manganese and iron ores, it is well worth remembering that about 80,000 men and women depend upon the mining industry for their bread and butter. The figure is a conservative estimate and may err on the inner side. Whenever, there is a fall in demand and prices slump down, there is a threat of the industry being closed down due to the uneconomic prices offered by the foreign buyers. At such time it is necessary to afford some relief to the industry to keep it going, even though this may involve some reduction of profits or even loss to the railways. In view of the stakes involved, it is our view that in such cases and at such times, the economic aspect should be given to the industry so as to ensure that the common man who depends on the industry for his livelihood is not stranded on the street.

During the recent crisis in Manganese Industry which invaded it in the second half of 1953, we have advocated such relief. But

to date we have not been able to achieve success. It is out of view that in the case of commodities which have a very fluctuating market, there may be a special freight which should be adjustable according to the prevailing trend of the market. Needless to say, the change over from one rate to another will have to be made only when prices slump down considerably. Upto 1939-40, the freight rate to Calcutta was about Rs. 14/- per long ton. At present it is Rs. 23/- or thereabout. In our view, it will be a good idea to have the former rate or one slightly higher for normal times, and the latter, when market is good. Of course these comments apply only to manganese ore. In the case of iron ore raised in Madhya Pradesh, the former rate or one slightly lower, should be introduced to make its mining commercially possible.

Q: 40. We do not feel that there will be any fear of low rated goods transport eating away all profits and thereby adversely affecting the economic stability of railways. Other countries much more industrially advanced than us, have railway systems, which are in no way inferior to ours. If transport of low rated goods on huge scales has not undermined their financial stability there is no reason to believe that we shall prove an exception. Besides, there will be a corresponding increase in transport of manufactured goods of various types which may be high rated. As regards expenditure from current revenues on improvements to goods sheds necessitated by increased transport of low-rated goods, it is well worth remembering that this would be capital expenditure and add to the assets of the railways. It will provide them with long term advantages which need not be confined to low-rated goods. The same sheds etc. will be available for use by high rated goods also when our production of manufactured goods and other types of similar articles goes up.

Q: 41. Yes, it is our view that this should be done, when the fall in prices is considerable and involves the risk of the industry producing the commodity concerned, being closed down. In this sense the rates should be flexible but just as any reduction below a certain minimum would not be possible, so also any increase of rates beyond a certain maximum should also be avoided. It has to be borne in mind that when prices sore up, several other charges on the industry also go up and the real margin of excess of earnings over spendings is considerably lower than is commonly imagined. Besides, the slumps which follow abnormal conditions are a constant threat to be reckoned with and any increase in earnings during 'boom' is generally eaten away during the lean years in keeping the industry alive. Hence, a certain reasonable rate of freight should be fixed for normal times, and whenever, prices slump down, freight rates should be correspondingly scaled down. In other words, the rates of freight should be flexible within these limits only.

Q: 44. They are quoted in both ways.

(a) year.	Selling Price	Freight
1949	Rs. 51	Rs. 21-8-0 for Vizagpatam. Rs. 22-0-0 for Bombay and Rs. 23-0-0 for Calcutta Port. Vizag. Bombay Calcutta.
1950	Rs. 89	Rs. Same as above.
1951	Rs. 127	Do.
1952	Rs. 148	Do.
1953	Rs. 50	Do.
1954	Rs. 55	Do.
1955	Rs. 145	Do.

(b) Average distance the ore is hauled is 550 miles in the case of ore ported *via* Vizagpatam; 650 miles.....Bombay; 750 miles.....Calcutta.

(c) There is a difference in the selling price at the point of receipt, which in normal times is substantial.

(d) In 1938-39 the selling price and railway freight rates were as follows (taken from Geological Survey of India Bulletin on Manganese Ore):—

Year	Vizag.		Bombay		Calcutta	
	S.P.	Frts.	S.P.	Frts.	S.P.	Frts.
		Rs. a. p.		Rs. a. p.		Rs. a. p.
1938	53	13 15 9	53	17 1 3	53	17 2 9
1939	66	13 15 9	66	17 1 3	66	17 2 9

N.B.—The above rates in all cases are for first grade manganese ore. Due to top heavy freight export of other grades from M.P. is normally uneconomical.

MADRAS.

Messrs. Burmah-Shel Oil Storage & Distributing Co., of India Ltd.

Madras.

#### PART I-A

Q:4. The present arrangement regarding the maximum rate should continue. It should not be extended to all wagon-load scales as it would affect the Industry/Trade. If the existing concession is withdrawn the quantum of traffic now moving will be diverted by sea. Suggest *status quo*.

Q:5. (i) Terminal is a legitimate charge in that it covers charges such as loading, unloading, weighing etc. The existing levy is fair. At sidings where terminal accommodation is not provided nor regular services such as stated above are rendered the levy of terminal is not justifiable.

(ii) Short distance appropriate and proper in that the cost of dealing with such traffic is much higher than that of dealing with long distance traffic.

(iii) Transshipment charge at break of gauge is a reasonable levy for the extra services rendered by the Railway at such points.

Q:6. Majority of movement of oil in this area are in the first leg of 1 to 300 miles and the recent increase from 1-4-1955 has naturally reflected on a proportionate increase of the price of petroleum products. Suggest introduction of the following legs.

1 to 100 miles  
101 .. 200 ..  
201 .. 300 ..  
301 .. 600 .. etc.

Q:7. No.

Q:8. Would advocate abolition of E.R.H.

Q:9 & 12. No.

Q:13. (a) No.

(b) No. This will create confusion and inconvenience.

Q:14. Minimum weight may be increased to 14 seers. Parcel rates prohibitive.

Q:15. It will not only affect the small trader but also cause hardship to consumers in that they are called upon to pay more.

Q:16. (i). No. Trade will suffer besides the difficulty in educating the consumer as orders are always received for supply of commodities based on the minimum fixed for commodities. Will promote economic unrest in the sense that it prevents long time contracts being entered into. The Railway will be sacrificing the interests of the traders to their own.



(ii). & (iii). Agree.

Q: 17. No. But there may be the advantage to the trade at the sacrifice of the ordinary trader in that all available wagons are being allotted for the train load.

Q: 18. If the Railway decide to charge, the trader will definitely be out of pocket to this extent in that he may not be able to charge for his goods at two different rates, one for lots received by express goods and another by ordinary goods.

Q: 19. The Railway should automatically arrange to provide cranes for unloading such of those consignments which have been loaded with the help of the crane. The existing charges are fair and need no revision.

Q: 21. No. Though there may now exist alternative modes of transport when once it is decided that they cannot be moved by rail they will be called upon to pay more. In other words no other alternative but to be at the mercy of such transport authorities.

Q: 22. Freight rates for short distances by road is much costlier than by rail, the charges varying according to availability of transport. The proportion of rates may be roughly 1:3. As regards inland waterways the variation is not very heavy and it may practically be taken as somewhat cheaper than that of rail freight rates.

Q: 26. Suggest a revision to further the economic progress of the country.

Q: 29. (i & iii) Unfavourable to the industrial development in general and more particularly to petroleum and chemical products in that the average haul we are marketing does not exceed 800 miles. Suggest telescopic rates to the following legs instead of as at present.

1 to 100 miles	
101 „ 200 „	
201 „ 300 „	
301 „ 600 „ etc.	

Q: 31. "What the traffic will bear"—Value and cost of service. The rate charged must be within the upper limit of what any particular traffic can afford to pay and the lower limit of what the Railway can afford to carry it for. It must not be according to an estimated cost of service but roughly on the principle of equality of sacrifice by the payer. Revenue is made up as under:

Case of traffic unable to bear higher rate.

Medium class covering out of pocket expenses plus a small unapportioned cost.

High class traffic covering out of pocket expenses leaves a large disproportionate surplus available.

Q: 32. Yes.

Q: 34. We agree. The cost of transport by rail in those areas should not be exorbitant.

Q: 35. The freight policy should be based on the direct and indirect use of the commodity transported. In the case of indirect use, i.e., when used as a raw material for an industry the cost of transport should be lesser.

Q: 40. No.

Q: 42. Yes. Due to non-availability of wagons and operation restrictions commodities are being moved by other transports. Due to opening of an oil installation at Vizag some of the stations which normally received supplies of petrol and petroleum products ex-Calcutta, Bombay and Madras are being fed by Vizag. Stations which were originally receiving supplies ex-Mormugao Harbour are now being fed by Bombay and Madras.

Q: 44. F.O.R. destination and F.O.R. forwarding station.

(a) Statements attached.

(b) 200 miles. Proportion roughly as per statement (a).

(c) No.

	Petrol per gallon bulk ex pump.		
	Total selling rate.	Freight incidence.	Proportion.
	Rs. a. p.	Rs. a. p.	
Trichinopoly	2 7 6	0 2 0.99	19 : 1
Madurai	2 7 9	0 1 7.87	24 : 1
(QLN/EKM—barge freight).	0 1 0.00		40 : 1
Coimbatore	2 6 3	0 1 3.51	30 : 1
Bangalore	2 8 3	0 2 2.71	18 : 1
Secunderabad	2 9 3	0 4 3.23	10 : 1
Bezwada	2 7 9	0 2 2.50	18 : 1

	Superior Kerosine per unit of 8 gallons bulk.		
	Total selling rate.	Freight incidence.	Proportion.
	Rs. a. p.	Rs. a. p.	
Trichinopoly	9 1 6	0 13 9.43	11 : 1
Madurai	9 1 6	0 9 1.54	16 : 1
(Barge freight—Quilon EKM)	0 4 6.00		32 : 1
Coimbatore	8 10 6	0 6 11.60	20 : 1
Bangalore	9 5 0	0 11 10.09	13 : 1
Secunderabad	9 9 6	1 5 9.32	7 : 1
Bezwada	9 3 6	0 11 8.37	13 : 1

	Light diesel oil per gallon		
	Total selling rate.	Freight incidence.	Proportion.
	Rs. a. p.	Rs. a. p.	
Trichinopoly	0 15 3	0 1 10-25	8 : 1
Madura	0 15 6	0 1 2-82	13 : 1
(EKM/QLN—Barge freight).	0 0 10-10		18 : 1
Coimbatore	0 14 6	0 0 11-11	16 : 1
Bangalore	0 15 6	0 1 6-67	10 : 1
Secunderabad	1 0 3	0 2 8-56	6 : 1
Bezwada	0 15 6	0 1 6-65	10 : 1

	Vapourising Oil—per gallon.		
	Total selling rate.	Freight incidence.	Proportion.
	Rs. a. p.	Rs. a. p.	
Trichinopoly	1 3 6	0 1 4-58	14 : 1
Madura	1 4 0	0 1 11-06	10 : 1
Coimbatore	1 4 0	0 1 11-06	10 : 1
Bangalore	1 3 6	0 1 5-35	13 : 1
Secunderabad	1 4 0	0 2 10-47	7 : 1
Bezwada	1 3 9	0 1 8-40	12 : 1

	High speed Diesel oil per gallon.		
	Total selling rate.	Freight incidence.	Proportion.
	Rs. a. p.	Rs. a. p.	
Trichinopoly	1 2 6	0 1 10-25	10 : 1
Madura	1 2 9	0 1 2-82	15 : 1
(EKM/QLN—Barge freight)	0 0 10-10		22 : 1
Coimbatore	1 1 9	0 0 11-11	19 : 1
Bangalore	1 3 0	0 1 6-60	12 : 1
Secunderabad	1 3 9	0 2 8-80	7 : 1
Bezwada	1 2 9	0 1 6-65	12 : 1

	Furnace oil per ton.		
	Total selling rate.	Freight incidence.	Proportion.
	Rs. a. p.	Rs. a. p.	
Trichinopoly	...	...	...
Madura	...	...	...
Coimbatore	134 8 0	15 6 11	9 : 1
Bangalore	157 4 0	25 13 6	6 : 1
Secunderabad	168 11 0	45 4 1	4 : 1
Bezwada	156 7 0	25 14 6	6 : 1

Q: 45. The actual rail freight incurred based on an average size tank wagon is passed on to the consumer.

PART I-B.

ANNEXURE—V.

Q: 9 (a) Bulk in tank wagons and packed in box wagons move at present in the ratio of 5 : 1 respectively.

Wherever there is return haulage on tank wagons the cost of transport is higher than in containers. The position is reverse where there is no return haulage.

(b) Percentage of leak in transit is given below :—

	Bulk in tankwagons	Packed in containers
	%	%
Petrol	24	50
Superior Kerosine	15	95
Light Diesel Oil	12	—
High Speed Diesel Oil	10	50
Furnace Oil	10	—
Powerine	25	70

(c) Actions are being taken immediately when improvements are necessary.

(d) Yes. As a fresh booking is involved

we are not benefitted by the telescopic rates.

ANNEXURE—VI.

Q: 1. As per statements attached.

	Petrol per gallon bulk ex.pump.		
	Total selling rate.	Freight incidence.	Proportion.
	Rs. a. p.	Rs. a. p.	
Trichinopoly	2 7 6	0 2 0-991	19 : 1
Madura	2 7 9	0 1 7-87	24 : 1
(QLN/EKM—Barge freight).	0 1 0-00		40 : 1
Coimbatore	2 6 3	0 1 3-51	30 : 1
Bangalore	2 8 3	0 2 2-71	18 : 1
Secunderabad	2 9 3	0 4 3-23	10 : 1
Bezwada	2 7 9	0 2 2-50	18 : 1

	Light Diesel Oil per gallon.		
	Total selling rate.	Freight incidence.	Proportion.
	Rs. a. p.	Rs. a. p.	
Trichinopoly	0 15 3	0 1 10-25	8 : 1
Madura	0 15 6	0 1 2-82	13 : 1
(EKM/QLN—Barge freight).	0 0 10-10		18 : 1
Coimbatore	0 14 6	0 0 11-11	16 : 1
Bangalore	0 15 6	0 1 6-67	10 : 1
Secunderabad	1 0 3	0 2 8-56	6 : 1
Bezwada	0 15 6	0 1 6-65	10 : 1

	Superior Kerosine per unit of 8 gallons bulk.		
	Total selling rate.	Freight incidence.	Proportion.
	Rs. a. p.	Rs. a. p.	
Trichinopoly	9 1 6	0 13 9-43	11 : 1
Madura	9 1 6	0 9 1-54	16 : 1
(Quilon/EKM).Barge freight—	0 4 6-00		32 : 1
Coimbatore	8 10 6	0 6 11-60	20 : 1
Bangalore	9 5 0	0 11 10-02	13 : 1
Secunderabad	9 9 6	1 5 9-32	7 : 1
Bezwada	9 3 6	0 11 8-37	13 : 1

	Vapourising oil per gallon.		
	Total selling rate.	Freight incidence.	Proportion.
	Rs. a. p.	Rs. a. p.	
Trichinopoly	1 3 6	0 1 4-58	14 : 1
Madura	1 4 0	0 1 11-06	10 : 1
Coimbatore	1 4 0	0 1 11-06	10 : 1
Bangalore	1 3 6	0 1 5-35	13 : 1
Secunderabad	1 4 0	0 2 10-47	7 : 1
Bezwada	1 3 9	0 1 8-40	12 : 1

	High speed diesel oil per gallon.		
	Total selling rate.	Freight incidence.	Proportion.
	Rs. a. p.	Rs. a. p.	
Trichinopoly	1 2 6	0 1 10-25	10 : 1
Madura	1 2 9	0 1 2-82	15 : 1
(EKM/QLN—Barge freight).	0 0 10-10		22 : 1
Coimbatore	1 1 9	0 0 11-11	19 : 1
Bangalore	1 3 0	0 1 6-60	12 : 1
Secunderabad	1 3 9	0 2 8-80	7 : 1
Bezwada	1 2 9	0 1 6-65	12 : 1

	Furnace oil per ton.		
	Total selling rate.	Freight incidence.	Proportion.
	Rs. a. p.	Rs. a. p.	
Trichinopoly	...	...	...
Madura	...	...	...
Coimbatore	134 8 0	15 6 11	9 : 1
Bangalore	157 4 0	25 13 6	6 : 1
Secunderabad	168 11 0	45 4 1	4 : 1
Bezwada	156 7 0	25 14 6	6 : 1

Q: 2. Consequent on the revised structure of rates introduced in 1948, the price structure of petroleum products was revised taking into account the increase. Therefore the entire increase has been passed on to the consumer.

Q: 3. Yes.

Q: 5. Only a small quantity of petrol and oil received at depots in the interior is

repacked and sent forward by rail in containers. Some of the quantity is moved by tank lorries. In the case of depots where there is a break of gauge a proportion of the quantity of oil and petrol received in B. G. tank wagons is transhipped and redespatched to stations on the M. G. section in tank wagons.

# The Century Flour Mills Ltd.,

Madras.

## GENERAL

As we feel, there is a dire necessity for modifications in rates as well as general procedure to the mutual advantage of both the Railway and the Public, especially the commercial public who are wedded to the Railway more closer than the rest, in several directions. We shall elaborate them hereunder in the form of answers to the questions in their numerical order:

### PART I-A

Q: 1. (a) In our humble opinion, the revised rates adopted on Railways in 1948 had spelled disaster to the Traders inasmuch as the telescopic rates are found to be abnormal and the general classification in certain cases (for instance Pulses, where the grain and its by-products especially dhall) are treated as different commodities though falling under one common head. This system entails difficulties in clubbing the dhall with the grain resulting in trade dislocation and disputes. *Both grain and dhall are to be reckoned as one and the same product.* Also the rates for pulses of all kinds should be fixed uniform from any station in India to Bombay (Wadi Bunder) Royapuram and Shalimar, as these three places form the storm centres of pulse market. This would stabilise the situation in a better level. Again the present class (which is 15 in number) may be reduced to 10 as before and commodities re-grouped more advantageously to facilitate dense movement by rail in preference to other sources such as Road, Canals, Sea etc.

(b) No. It has had adverse effect in a majority of instances. Chiefly, it affected short distance trade with a fall and taxed the long distance trade due to abnormally high rates, with the result, the trade had to be conveniently and economically diverted by road competition methods.

(c) Yes. Please refer to answer against 1 (b).

NOTE: Specific instances have been quoted hereon to substantiate the grievances in general.

Q: 2. (a) Yes. Amply. They do permit flexibility in the downward direction, which will not disturb the financial stability of the railway but at the same time it shall benefit the traders to return into the railway fold in large numbers and patronise railway booking to a greater degree than at present.

(b) We have no knowledge in this affair, but it is generally felt that the Railway have least made use of their discretionary powers even to some extent in spite of representation by various commercial bodies, chambers and associations. In a measure, we may appreciate what little has been done by railway rates tribunal in this regard.

Q: 3. (a) As suggested elsewhere in the opening portion, the class rates may be cut down from 15 (present) to 10 as before.

(b) It is generally opined that if the telescopic system of applying class rates and wagon load rates is modified in terms of 1 to 50 miles 51 to 100 miles and so on and rates economised as explained against Q: 5, then, it would be found appropriate and to this end, modifications as suggested against Q. 5 may be considered and adopted.

(c) Please peruse answers against Q. 3 (b).

Q: 4. As suggested against Q. 3 (b), if the telescopic system will be altered from 300 miles to 50 miles, the maximum rates of Rs. 1-14-0 and 1-13-0 now in force for a distance of 1500 miles and over will automatically undergo a reduction in proportion. Under this proposal, the present practice of carrying from beyond 1500 miles may also suitably settle itself warranting continuation as it is presumed that the longest distance from north to south and *vice versa*, over which goods are carried to rail may not, in a majority of cases, exceed that limit, *viz.* 1500 miles. In cases as and when it may happen to exceed sometime in the future owing to opening of new lines here and there, the question of levying extra charges for distances beyond 1500 miles may be reconsidered. Hence this item may for the time being be held in reserve and reproduced in the next questionnaire that is expected to be published shortly.

Q: 5. (i) Terminal charge may be retained.

(ii) Short distance charge may be retained only, if the telescopic system of splitting distance in terms of 50 miles (*i.e.*, 1-50 miles, 51-100 miles etc. will be adopted and not otherwise. As it is, the movement of traffic for short distance is a regular NIL. They are conveyed much quicker by means of lorries and other cheaper means.

Note. (i) It is suggested that, while fixing the telescopic system of mileage in terms of 50 miles, the freight charge too have to be regularised as under:

1 to 50 miles: A minimum and maximum of Rs. 3/- per consignment weighing upto 20 maunds plus short distance charge. This concession would create numberless over-laping zones of 50 continuously and agricultural products will begin to flow ceaselessly and there will be unlimited Rs. 3/- "To Pay" invoices every day yielding heavy income for the railway and the movement now carried by lorry and other sources will get diverted into railway because of the cheap flat rate of Rs. 3/- To Pay System. Under this changed system, the railway

may expect a huge surplus every year, even after allowing margin for the seeming deficit that may occur by the process of cutting down class rates from 15 to 10 and also free carriage suggested over and beyond 1500 miles.

Note (ii). And for distance over the first 50 miles the rates must be uniform under each class for the next 50 miles (i.e.) up to 100 miles on actual weights of the consignment. (i.e.),

1 to 50 miles	Rs. 3/-	Uniform for all classes.
51 to 100 miles in class 1	say As. 0-1-0	
	2	0-1-6
	3 & so on	Uniform.
101 to 150 miles	-do-	Uniform.

Q: 6. As suggested against Q. 5 the distance unit may be raised from 1 (present) to 50 and the charges may be applied as shown under Note (ii) above.

Q: 7. Yes. The minimum distance of 20 miles at present existing does not affect the future booking anyway and automatically eliminates as long as a flat rate of Rs. 3/- per consignment (upto 20 Maunds.) has been suggested for the first 50 miles.

Q: 8. The necessity for charging haulage for Tank wagons was imperative at a time when the census figure of Tank wagons was low. Since of late, throughout the length and breadth of our Union, Bus and Lorry, Auto-rickshaws are storming and also private cars are abnormally on the increase, requiring large quantities of petrol, Diesel Oil, Crude Oil etc. and also due to increased Air Services involving heavy petrol consumption, the Railways must construct a satisfactory number of new tank wagons to meet the demands and eliminate haulage charges similar to covered, open, cattle and other kinds of trucks. But the composite loading of liquid traffic may be continued.

Q: 9. Reclassification of grouping pulses and their by-products into one category may be considered.

Q: 10. As already suggested elsewhere in the opening portion and also against Q. 3(1), it is but reasonable and advantageous to re-classify by decreasing the classes from 15 to 10 only.

Q: 11. In general, "Smalls" frequently move more than wagon loads, only within short distance. But due to excessive Railway Freight caused by increasing the number of class rates from 10 to 15 and also due to Railways restriction orders that on Saturday only for UP direction, on Sunday only for DOWN direction, on some other day for some other Tranship shed and the like, had caused considerable hardship to the traders, with the result that movement on the Railway of "Smalls" within short distances have been entirely dispensed with and carried by lorries for quick delivery and marketing. Just imagine the extent of loss suffered by railways by not being able to retain this well-paying traffic. Unless as suggested against Q. 5 Note (ii) the charges are cut down to uniformity of Rs. 3/- (for 20 maunds or parts) for 1 to 50 miles, the hope of regaining of this permanently lost traffic is only a dream. In like manner, if a party

tenders 3 or 4 "Smalls" for long distance booking and if they were to align themselves under one and the same commodity (e.g. gram and gramdall to be reckoned as one and the same and not the different things) and if they are from one and the same or from different senders *but to one destination* the benefit of their being clubbed in the event of their falling short of the minimum weight (i.e.) W/500, W/300 etc. will amply encourage movement of "Smalls" also from long distance in addition to wagon loads movements. This suggestion may create a workable and beneficial relationship between the two viz. "Smalls" and "Wagon Loads". This point will be better explained and illustrated by us later as and when the committee will conduct investigations at Madras.

Q: 12. Just as a suggestion been advocated for reducing the number of class rates from 15 to 10 only, even so, the present schedule rates viz., WL/A, WL/AR, WL/B etc., may be cut down from 13 to 9 fixing the decimal rates in such a manner that the maximum rate per maund exclusive of terminals, transshipment and other charges does not exceed Rs. 1/10/0 even for distances beyond 1,500 miles. This concessional procedure will divert much of the long-distance traffic from road and sea to railway, increasing railway's revenue considerably.

Q: 13. (a) Please peruse the suggestions appearing against Q: 5. Minimum of Rs. 3 per 20 maunds or part thereof consignment is feasible.

(b) Yes. Certainly it must vary when booked for distances over 50 miles as illustrated under Q. 5 Note (ii) (Tabulated chart).

Q: 14. Nominally, the minimum weight per consignment may be fixed at 14 seers like before; but the charges will be Rs. 3/- uniformly for 1 to 50 miles (as for 20 mds.). Hence light consignments will never be offered. Only consignments making up 20 mds. and above will come for booking thus, facilitating agriculture movements, raw materials etc., very abundantly. At the same time the earnings will swell by lakhs daily. *Trial alone will convince.*

Q: 15. *This question is somewhat puzzling.* We had already suggested about a minimum weight of 20 mds., and flat charge of Rs. 3/- for minimum of 50 miles. But the question deals with maximum weight for "Smalls." Can it be any error in printing?

Q: 16. (i) This is a question to be considered at a time when the wagon position is acute but not when it is easy as at present. In proof thereof we may quote the instance of Southern Railway administration who had been following, the pro-rata system of allotting 3 wagons (MG) per indenter at a time for loading Iron and Manganese Ores in the Bellary-Hospet section, all along had suddenly declared free booking some time during 1954 (probably during March, April or so) and accepted indents and registration fees by thousands per day. We take out stand on this data and will refuse to subscribe to revising in the upward direction the existing W/condition.

(ii) Economically it is inadvisable to impose such a hardship which will be detri-



mental to the aim and objects of the 2nd Five Year Plan.

(iii) If only the suggestions put forth against Q. 11 are adopted, there is probability of each and every wagon being loaded to its fullest extent because of the facilities granted to "Smalls" under the same para. If the committee may entertain any doubt on this point, we will explain better during its visit to Madras.

Q: 17. In our opinion, the occasion for adopting Train load rates will occur very rarely which depends on crop conditions and bulk movement between two definite centres. It shall lie not only scattered one here and another there, but also will warrant adoption only for a short period seasonally and then die out. So much so, it will not create any hardship in general and no safeguard need be thought of.

Q: 18. This is a fine question indeed. In our humble opinion and practical experience of day-to-day, the "special express goods service appears to exist only in name and not in effect. If it should be worth the name then we could expect consignments from North India to reach South India within a maximum length of 10 days the most; whereas it occupies more than 20 days or even more without exception. And by lorries, they reach within 4 or 5 days covering a distance of more than 1,000 miles. For instance, lorries are plying from Punjab to South. In the face of the above situation, it is a vexed question to suggest charging enhanced rates for "Special express goods service".

Q: 19. It is absolutely necessary for the railways to arrange for cranes whenever indented by parties; but the haulage charges may be made only one way instead of both ways as at present. For instance, take the case of Oil Tanks. It is stencilled on the wagon "To be returned to Mormugoa when empty". A certain 'X' loads oil in one such Oil Tank wagon. He pays only freight to the destination only for the load. He does not pay haulage for the return of the empty after release. This principle may be observed in the case of cranes also.

Q: 20. We shall be pleased to pass over this question for good reasons.

Q: 21(a). True. The overall charge for short distance which is generally considered to range from 50 to 75 miles is unremunerative for the railways. It will never be remunerative if the present system were to continue because of the alternative and competitive cheaper and quick method of transport available to any extent. We may also point out that a majority of Traders have lorries of their own and do not depend on hired vehicles. Hence, if the suggestion made against Q. 5 (ii) Note (i) the flat rate of Rs. 3/- per consignment of 20 maunds or part for the first 50 miles or part is introduced then, it will be remunerative. We do not suggest that the railways should not carry such traffic. On the other hand, such traffic will never offer for the railways however much they canvass. As it is, it is but fair to treat 75 miles as "Short distance traffic".

(b) Yes. As repeatedly suggested, the adoption of Rs. 3/- per consignment method.

(c) Yes. Kindly peruse the tabulated instance furnished against Q. 5 Note (ii) as well as as against Q. 12.

Q. 22. This point has been impressively and repeatedly explained in the foregoing paragraphs. The rates by road and waterways compare too cheap as against railway rates. *This question should receive your special attention.*

Q: 23. The answer to this question has been given against Q. 5(ii) Note (li) and also against Q. 12. The pool system establishes therein by itself. Besides, as already suggested against Answer to Q. 12 the maximum rate for all commodities for distance 1,500 miles and over should not exceed Rs. 1-10-0 per maund as against Rs. 1-13-0 at present. This pool will work as an All India basis.

Q: 24. We shall leave this question to be answered by Jute Trade Experts.

Q: 25. We would suggest, the fixation of pool rates may be worked jointly by railways in consultation with the respective commercial body, during the committee's anticipated visits to several important centres. We consider the interference of a government agency is not a necessity.

Q: 26. Yes; with a view to develop extensively the industry and trade during the 2nd Five Year Plan, a few tangible suggestions have been already put forth in these pages. Briefly they are—

1. Split of telescopic distance in terms of 50 miles.
2. Flat rate of Rs. 3/- for the first 50 miles or parts and proportionate rate above this limit.
3. Reducing the existing class rates from 15 to 10.
4. Modifying the W/- rates from 13 to 9.
5. Maximum rate of Rs. 1/10/0 per md. for distances 1500 miles & above.
6. Benefits allowed to consignors under certain given conditions "Clubbing method" more economically etc. etc.

Q: 27. As far as we are concerned, we are unaware of any waiver or refusal thereof of the "short distances" charge for larger scale regular movement of industrial raw materials. As foreshadowed by us elsewhere we doubt very much if there is movement of goods within 75 miles (short distance) at all.

We are sure it is NIL even in regular small scales. Not to think of large scales.

Note. We may view that the intention of the Railway Board in waiving "short distance" charges in the case of *regular large scale* (mark the words) industrial materials should be to tempt and divert short distance traffic which has entirely vanished. Even long-distance traffic are being transported by lorries and other means. We are of opinion that unless the rates per consignment of 20 maunds or parts is uniformly charged at Rs. 3/- from 1 to 50 miles (inclusive SD charges) the plan to divert will not succeed.

Q: 28. Yes. We believe there have been good many representations from various

commercial bodies for the introduction of special station-to-station rates for certain commodities between certain important points. We ourselves were submitting petitions for reduction of rates for wheat from North India to South to import wheat by rail. It is transported cheaper by other means. So, as suggested elsewhere, the rate may be reduced to Rs. 1/10/0 per maund for the longest distance.

Secondly we may pointedly state that the special station-to-station rate for wheat flour (maida) is Rs. 1-0-7 from Wadi Bunder to Madras. In the reverse direction it is Rs. 1-9-4 per maund. This deals a heavy blow for south India Millers.

NOTE: We may point out that at a time when South India was devoid of flour mills and consumption of wheat and its by-products were very low or a regular NIL, the above special rate of Rs. 1-0-7 was sanctioned to Wadi Bunder in order to popularise this product in the South. But now the situation has vast changed. A few giant flour mills have been established at Madras and elsewhere, the latest addition to the list being "The Century Flour Mills Ltd." Madras, whose interest we are specially representing hereon. Since owing to insufficient quantity of rice produced in this tract, there is a growing tendency among the populace to take to wheat food also along with rice. In order to meet the growing demands for Maida, the flour mills are getting expanded. A few more mills are likely to spring up in the near future as part of 2nd Five Year Plan.

So it is most opportune and imperative necessity for the Government to grant us rate facilities, for exporting our products to the north. Unless and until this is done, Bombay mills will be enjoying monopoly and upper hand over the South Indian Mills. In order to equalise this network of movement North to South and *vice versa*, we suggest for a competitive special station-to-station rate of Rs. 0-15-7 (i.e. As. 2 less per maund) from Madras to Wadi Bunder. Else, our enterprise in the South will be cast to doom. It is our special request to consider this question favourably and expeditiously.

Q: 29. (i) The average effect of abolition of certain station-to-station rates on Industrial development is no doubt bad and hopeless. Yet, Industrial Developments are on the score, on the expectation of certain co-operation and help by the railways and Government in respect of cheaper rates and transport facilities. It is only this ray of hope that holds on the trade to march onward.

(ii) We are particularly concerned with wheat, wheat flour, pulses. Owing to the abnormal rates, the import of raw products suffers a set back. In like manner, due to lack of competitive special station-to-station rates from South to North the trade suffers in its manufactured products and suffocates us.

(iii) In and between these two opposite forces, there is a third inimical item known as "Wagon registration fee" of Rs. 25/- (MG) and Rs. 35 (BG) for four wheeled unit. Roughly calculated, the number of Exporters all over the country may not be less than 50,000 by wagon loads per day. There is

therefore 50 thousand wagon registration a day and is recurring day-to-day. On an average, the Railways earn from the commercial exporters about 50,00,000 (fifty lakhs) *per day*. Resultantly, we are at the mercy of the Railway for procuring our wagon supply and wait for days and months together to see our turn. Having deposited fees with Railways, we are handicapped from moving our goods by other means too. Unless we withdraw the deposits which in most cases, are found very inconvenient due to narrowness of time. We beg to ask, of what return service is the railway for us? In several cases, we have met with forfeitures. We strongly oppose this system and advocate abolition thereof early. In-as-much as the wagon position is said to be easy now-a-days and more goods wagons are under construction there is no justification at all for the continuance of wagon registration fee any longer. As we had cited elsewhere the free registration by thousands in the Bellary-Hospet Sector of the Southern Railway is an instance in support of easy wagon position.

Q: 30. We strongly support the proposal as thereby the development of new industries and eradication of unemployment problem etc. will flourish, by leaps and bounds. We have already suggested the following:—

- (a) Introduction of special station-to-station rate of Re. 0-15-7 per maund for wheat flour from Madras to Bombay.
- (b) Concessional rates for wheat from Stations in the North (production centre) to the South imported by the flour mills as the raw materials.
- (c) Reduction of long distance rates from Rs. 1-14-0 to Rs. 1-10-0 special competitive lower rate may be suggested.
- (d) Introduction of one cheapest common rate for pulses to Wadi Bunder, Royapuram and Shalimar from any station in India for the sake of equitable and liberal distribution and redistribution from these to suburbs. This will maintain the integrity of the three giant markets triangularly connected. Else their fate will be doomed.

NOTE: We do not see there is any justification for placing any restriction in this regard, since it is presumed the wagon position is easy all over.

Q: 31. Since in the foregoing paras we had furnished mixed idea embracing this question also, we have nothing to specifically comment or suggest.

Q: 32. We may say Trade in general instead of confining to few particular industries.

Q: 33. It is not advisable to create distinction between Trade and trade. The distinction naturally lies only in the respective category and not in the fixation of freight rates. Such a thing may give impetus to disputes. Yes. Some special consideration may be shown to underdeveloped areas only till the end of the Second Five Year Plan period.

Q: 34. While we have pointed out in the previous paras that we are already over-burdened by the imposition of wagon registration fee (which does not offer any return service), this proposal is causing grave concern. We may suggest that the Government and Railways are to jointly bear the burden without taxing the users in any way. Then alone it may be worth the name Economical Development. In case, the financial position of the Government and Railways may be low, it is advisable to put off opening of new lines for the time being and take it on hand when conditions improve.

Q: 35. This has been dealt with against Q: 30 and other pages. All these suggestions are being put forth after fully considering both sides.

Q: 36. Already stated repeatedly, the introduction of short distance rates of Rs. 3 per consignment of 20 mds, or parts for 1 to 50 miles will earn for the railway some lakhs per day which revenue will cover up all the proposed additional budget without going either for borrowing or drawing from reserves.

Q: 37. The suggestion against Q. 36 if introduced, it will embrace amply the movement of village, cottage industries which will generally be within 50 miles and such 50 mile units when linked together will form unbroken net work occupying the whole of our country, and the revenue thus earned will level up all extra expenditure and will also provide permanent saving.

Q: 38. Naturally when the ceiling prices of certain commodities are fixed by Government the railway rate for such a commodity ought to be proportionately low. But however if the new proposal for introduction of telescopic rates in terms of every 50 miles is introduced, the necessity for reducing for the above commodity is no more there. They can form a line in common with other commodities falling under their group.

Q: 39. We are unaware of the fact that under the present freight structure certain commodities are being carried at rates below the cost of transport. If there be any, there is side by side justification for proportionate increase in the rates of freight. This problem too will be solved by the levelled method obtainable, from new 50 mile telescopic distance.

Q: 40. This appears to be a back-bone problem mainly concerning revenue position for the anticipated increased development during the next five years. Why worry about it? If the rate facilities and telescopic 50 mile facilities and short distance traffic within 50 miles at uniform rate of Rs. 3/- were to be introduced, a large part of lorry traffic, road traffic, sea traffic will get diverted into railway sphere and the revenue will amply swell to Himalayan heights as to meet the extra expenditure contemplated. A full one year's trial will prove and yield amazing results as all these suggestions are money-bearing plans.

Q: 41. Yes. It is suggested that the rates for such of the fluctuating commodities may be charged higher in the direction of their raw-move and lower rates in the direction of their finished-move. This would balance the situation equally all round.

Q: 42. All that we know of the traffic in the post-war period, is that restrictions

due to control imposed by Government on almost all commodities played a great role, disabling the commercial community from forming any definite view of the business pattern, and other factors. But, we generally observe that much of the rail traffic has been knocked away by lorry transports.

Q: 43. The influence of the freight rates adopted in 1948 would have thrown some understandable light on the trade had it not been for the imposition of controls. Hence the furtherance suffers a set back.

Q: 44. (a) Price of wheat F.O.R. forwarding station quoted Rs. 30/- per two and a half maunds.

(b) same as (a)

(c) As stated in (a) and (b) the difference of Rs. 5/- per bag is always there.

(d) Not available.

Q: 45. The element of railway freight of agriculture commodities is as for "smalls" in general and also their movement is only within a distance of 50 miles. But they are not transported by railways because of various hardships involved; viz. of having to cart to nearest railway station or Out Agency, wait for the open-day for booking, waiting for turn (as the quantity is restricted to a small limit in each direction) suffering damages caused by rough handling by the railway staff and above all having to meet corruption rampant in railways. The agriculturists are devoid of most of the hardships if transported by road.

Q: 46. A good inference is possible of being drawn only if the agriculture produce finds favour of moving by railways; whereas when they move by other means, we are unable to give our views without observation.

Q: 47. We have repeatedly suggested in several of the fore-going paragraphs that the agriculturist will not feel difficulty only if the 50-mile flat rate is adjusted and introduced. As for warehouse facilities, some provision within the railway's own premises will be found suitable and clubbing method will facilitate quick transit. They cannot definitely avail of the low rates applying to wagon rates; but can easily afford to avail of the Rs. 3/- rate for 50 miles per consignment of 20 mds. or part.

Q: 48. More flour Mills have come into being. More mechanical factories have sprung up. Several other kinds of industries such as Soap, Sugar, Factories have developed. Still more are under contemplation.

Q: 49. Private movements are occupying every nook and corner of the land except perhaps heavy commodities such as ores, timber, stones etc. We may say the railways have apparently lost that much of diverted business.

Q: 50. Double the present quantity moved.

Q: 51. We observe expansion of flour mills, paper mills, Motor factories, Sugar mills etc. all of which move from one end to the other, if convenient and quick movement facilities are arranged by Railways.

Q:52. Not much we suppose. If at all it may be to a negligible extent only.

Q: 53. All depend upon the wagon supply and cheap rate facilities by the Railways. If these are afforded, the movement will generally occupy the whole of the country wherever there may be deficit.

Q: 54. We had already suggested the basic to be so adjusted as the rate for longest distance should not exceed 1-10-0 per maund. We have given a lump sum of Rs. 3/- for 1-50 miles for 20 mds. or part, and the telescopic measure be in terms of 50 miles and accordingly the present decimal ratio to be re-adjusted by railways only.

Q: 55. We may say the sum total of very many proposals advanced on freight structure supply the answers for the questions.

#### PART I-B.

Q: 1, 2 & 3. We pass over.

Q: 4. We declare that our main deal is in wheat and its by-products (Maida in particular). We furnish statistics called for in annexure VIII to the best of our knowledge and belief—*Not available*.

#### PART II

Q: 1. (a) The general aim and notion of an average trader being cheap rate and safe transport, he fixes his attention primarily to this line. To this end, he looks to the Railway Staff to explain to him about the existence of two rates (OR & RR), conditions attached to the latter (if any), the benefits thereof and the like and then decide to elect such a course as is found safe, beneficial and economical. Where these different systems are unknown to the trader, he naturally prefers the fated course. At this rate, one naturally elects to look more as Railway risk rates only unless R. R. rate is not prescribed therefor. The approximate ratio may stand at RR 70% and OR 30%.

(b) Glassware and Hydrogenated oils may be said to favour this question.

(c) It may be said that due to operational difficulties of one kind or other said to prevail continuously since some years, and the urge of trade movement, traders at times get desperate and give themselves to despatching their goods at O. R. rates, open trucks etc. even though an alternative RR rate is prescribed. So the change in practice is not "optional" but one of "compulsion".

Q: 2. (a) Roughly put traders resort to private insurance in about 5 or 10% whenever the value of their goods is unusually high and for which goods there is no facility in the Railway for insurance, because of the fact that, that particular commodity does not fall under "Excepted Article." Secondly, due to the apprehension that their valuable goods may suffer thefts, pilferage wholesale also etc., traders safeguard themselves by going to private insurance, though booked at Railway Risk Rates for the simple reason that the Railway (in the event of heavy loss) lets them down under the protection of Section 72 of I. R. Act.

(b) Private insurance is covered by risks against, loss, fire, accidents and even imprudent types of damages.

(c) We may say that the shift in favour of private insurance has moved fast in 1950-55, more especially in the case of "Drugs" Silk fabrics, Musical instruments etc.

Q: 3. This is not so encouraging as the case of Railway Risk items, and generally private insurance concerns are reluctant to come forward in this respect.

Q: 4. (a) Yes, that is the general impression. The period 1940-45 was not so worse as 1945-50. But 1950-55 may be said to be the worst, because of systematical theft, pilferages, with the connivance of Railway Staff and private bodies, very especially in respect of foodgrains, pulses, sugar and piecegoods. The day-to-day convictions and sentences among Railway Staff, will by themselves stand to prove our expression.

(b). We pass over for want of statistics.

Q: 5. (a) (i) It is generally felt from practical experience and other sources such as Newspaper, etc. that, payment of claims by Railways under the above head, goes on increasing day by day in spite of the Railway maintaining a separate security department intended solely for the purpose of preventing thefts and pilferages. We also understand about very many convictions among that group. We may assess about 25% of the claims paid by the Railway fall under this head.

(ii) We have no information.

(iii) This item is freely resorted to at almost all the Transshipping points and Marshalling yards. Claim due to deterioration under this cause, are very frequent and may be fixed at 25% generally.

(iv) This is met with in very rare cases but mostly repudiated.

(v) Same as the previous item.

(vi) This covers large number of cases, which goes to prove that leaky wagons are in abundant stock without being repaired by the concerned department and 30% may be said to be covered by this item. Such defective wagons appear to be quite large in North India Railways.

(vii) Purposeful and wholesale tamperage of un-insured parcel or goods or luggages which fall under "Excepted article" of high value, more especially in silk parcels because of the simple fact that claims under this head will not be entertained even by Law Courts. The Railway staff take undue advantage of Section 75 of the I. R. Act, in this respect, which should be brought under better control. Under this head, a very poor say 5% which is negligible and amounting to Nil may be assigned.

(b) We pass over—No statistics available.

(c) Several cases of initial rejection by Railways, have met with tough argument and consequent reversions and also good many cases have been fought through Law Courts successfully.

Q: 6. Grains and pulses, Piecegoods, Sugar, Leather Goods are generally involved and about 50% are paid and 50% come to be rejected.

Q: 7. (a) Wherever the packing details were truthfully made by senders on the face of the forwarding notes and occasions implied items of proof, have successfully ended. Others suffered hardships. Hence the P. L. M. Scheme was found of great benefit to the trading public.

(b) We have no insight into this line and we pass over therefore.

Q: 8. We have to impress that wherever Railway Risk rates are applied, their carriage should be solely at Railway Risk only. No other adverse remark is to be recorded on the Railway Receipt. Other practices speak for themselves and do not warrant any change.

Q: 9. In view of the modification of the telescopic rates, suggested by us in our answers to Questionnaire Part I, the parity in OR & RR rates, get levelled to a satisfactory and acceptable limit. Hence, we shall refrain from making any counter suggestion.

Q: 10. We do not suggest any heavy change with regard to the classification under OR & RR denominations. They can remain as they are, but the Railway should take increased responsibility for their safer carriage and guaranteed delivery.

Q: 11. We do not suggest for the total abolition of "owners risk" rates altogether. For certain commodities, this rate must be retained and applied. At the same time, the "Excepted Article" too, on account of their very nature, ought to be preserved under the existing conditions, and the insurance continuing to remain optional, as at present. As such, the rates do not justify any enhancement. But, the modification that is warranted is that, when the sender of an "Excepted Article" does not elect to insure the goods, the responsibility of the Railway as carriers should definitely stand as in the case of other parcel or goods. The present repudiation under section 75 of the I.R. Act should be discontinued.

Q: 12. We do not favour this suggestion. We do not recommend that all goods must be booked at Railway Risk rate only nor a reduction in rate for that matter to shift the owners risk to the Railway. It would be futile unless the Railway staff handle the goods with ordinary prudence regarding them as their own goods and develop this patriotic and human interest. Else, the abolition of O.R. rate and enhancement of RR rate would only remain a watch-word but not in actual effect. The rough and indifferent manner of handling goods at each and every Tranship shed without exception (which is a horrible sight to see) should be strictly abolished and injuries to goods prevented to the greatest extent. The Rly. is suggested to post a few HUMANE employees (in mufti) to mingle with tranship shed staff and watch the handling operation under spy system. Besides, the claims prevention staff all over, should be strictly instructed to see to careful and prudent handling of goods entrusted to the railway, which particular duty will go a long way in preventing payment of compensation claims arising out of damages. Else, that department will only be in name and not in effect. So much so, even if the 'p' conditions are fulfilled to their maximum extent or even beyond, still, it won't withstand the rudeness

of the heartless and unsympathetic tranship staff. *Good attention here please.*

Q: 13. Yes, the provision of relaxation in packing may be continued.

Q: 14. The vital point in this question is about the extent of application of Section 72 of the I.R. act. We are of opinion that the Railway should take full responsibility for carriage and delivery of goods at destination. They are not to deny this under the plea that they are only "Bailees" in this respect. This part of the Act may be repealed and deleted from section 72 of the I.R. Act of 1890.

Q: 15. No.

Q: 16. No, we do not recommend compulsory packing conditions but we would suggest that maximum safety can best be ensured even from the somewhat semi-fulfilled conditions of packing provided the staff evinces prudent way of handling. This would promote efficiency fair name etc. and would bring more business into the railway fold.

Q: 17. (a & b) As it is, we are aware of rented plots allotted at some stations (big and small) for stacking Manganese Ores, Iron ores, Timber, Firewood, Bamboo etc. In the same way, if warehouse facilities for grains, and piecegoods consignments (particularly these 2 items) are arranged wherever convenient, it would facilitate quick loading as soon as wagons are placed; else, it takes some delay having to cart the goods from private godowns, which are generally far off from stations thus exceeding free time and resulting in demurrage being levied to the annoyance of the public even though they pay registration fees and wait for weeks and months for allotment. But such warehouses should be of covered type to prevent damages from rain. Traders should be intimated at least two days in advance of the date of probable allotment of wagons to alert them to begin carting and stacking to be in readiness thus to regulate minimum time of occupation. No. charge is to be levied for such temporary stacking facilities. Of course, a scheme has to be formulated departmentally by Railways for erection of warehouse sheds. This may be an additional item in the 2nd Five-Year Plan to serve the public permanently.

Q: 18. (a) We may say that Section 72 has become a bitter rule among the public not because of its existence but because of the undue advantage taken by the Railway in repudiating claims against non-delivery in particular. This is considered to be a dangerous Section therefore. Why? Just in the same manner that endeavours are made to carry passengers to their destination according to the ticket held by them by arranging transhipment, diversion, duplicate trains etc. and see that passengers are somehow made to reach their destination. (no matter at some inconvenience and delay) even so, utmost precaution and care must be exercised to carry the parcels, goods, luggages etc. with a sense of responsibility and without slightest neglect of duty and then seek the protection of Section 72 and so on. Suppose, in the case of certain serious and unavoidable accident which does not permit of any of the above mentioned cures, then, are not the railways



arranging refunds of fares for the unused portion of the journey? In the same manner, for non-delivery of goods (except those arising out of unforeseen and imprevisible circumstances and also act of providence) in all other cases, compensation must be arranged in lieu of delivery and Section 72 must cease to function hereafter.

(b) Yes, most certainly, no special steps of any kind is necessary to enforce the responsibility of the Railways. The existing care has to be properly vitalised and performed with greater vigil and self-interest. This much would ensure the desired effect.

Q: 19. From the side of the public, packings in all cases should be made as strong and secure as possible so that the packing will not easily yield to pilferages. Beyond this, nothing more can be expected from the public. But on the side of railway there is a lot to reform. Firstly, handling should be done softly and carefully which should not cause breakage or tearage to allow contents to drop out. The thirst for robbing should dry out by drastic punishment of straightaway dismissal from service and prosecution if necessary. The strength of security staff must be increased and 2 members with loaded guns must be deputed to travel by every goods train to prevent running train thefts. They should carry on patrol duty round and round trains in station yards and marshalling yards. In addition, police force too must be increased to co-operate with security staff and prevent thefts etc. We may say that the unduly large number of Ticket Checking staff (who after all may detect a ticketless passenger and realise a small excess fare and at considerable maintenance which is not so worthwhile) may be cut down by 50% and the strength of security and police be doubled instead which will save lakhs of rupees of claims, which will be really worthwhile in the face of heavy ticket checking staff and poor realisation. A trial may be made. No extra budget realisation is needed for this purpose.

Q: 20. We are of sincere opinion that only if the suggestion put forth in para 18 and 19 are carried out efficiently, we hope the payment of claims will considerably fall down. Why fear about additional rise?

Q: 21. We state that claims made are all reasonable and claims paid inadequate and repudiations and the grounds therefor are unjust in a majority of cases. This system requires a change in policy.

### PART III

Q: 1. (a) For the present, we do not propose to interfere with the fundamentals of Sections 41 and 42 of the I.R. Act of 1890. But, we had submitted a few elaborate suggestions in the pages of our answers to Part I of the Questionnaire and also referred the grievances to the Ministry of Railways, New Delhi independently. We are eagerly watching the reactions for these moves. If they do not turn out favourably, we shall submit our views in this regard. We shall not lose sight of these points.

(b) Yes, we do.

(c) We keep this question in abeyance for the time being for reasons stated against clause (a) above.

Q: 2. In the pages of our answers to Questionnaire Part I previously circulated, we had suggested that the present number of classes may be cut down from 15 to 10. When this proposal comes to be approved, we had preshadowed that the commodities will change their positions automatically and will settle into higher levels in certain cases and work out satisfactorily.

Q: 3. We are not agreeable to this view. It would involve undue delay inconvenience and dislocation to trade by the time one body arrives to a conclusion and appellate body decides the dispute. It would be most uneconomical. Hence, the prices may be delegated to only one body (*Railway Trade Tribunal*) and if any association or party were to refer to the Central Government. Such applications or proposals may be redirected by the Central Government to the *Railway Rates Tribunal* for disposal and final decision. This will yield quicker results.

Q: 4. No.

Q: 5. If ever such complaints are forthcoming, it must apparently be due to the intervention of more than one body in deciding the issue which course naturally occupies longer time and ends in abnormal delays. If on the other hand, the whole work is shifted to only one body (*Railway Rates Tribunal*) the complaint about delays would eventually evaporate. This will be the golden suggestion.

Q: 6. We would suggest of some leniency and liberalism in this respect. We may say that the adjudication costs being one of public interest (more specially in a Republican Government) the balance should tilt more in favour of public than otherwise. Hence it is very good if adjudication fees are fixed on merits of each case referred to.

Q: 7. This is a fine question requiring the deep attention of the committee. True, the privilege is not well availed of by the public because of the following short comings:—

- (a) Most of the commercial public are not conversant with the rules of procedure.
- (b) The time at their disposal is too short to spend it on these doubtful views.
- (c) The cost of representation is too high in most cases.
- (d) The complications are too many in each problem.
- (e) The previous experience has been that attempts in this direction has been found to be futile resulting in disinterestedness in the affair.
- (f) and the like.

Note. This sort of weakness has to be discouraged and public should be allowed freer recourse to express their voice unreservedly and must be heard with extreme patience without disgust or tiresomeness. In each and every Chamber of Commerce and other kinds of Association, it is advisable to have one trained representation to voice the public feelings diligently now and then.

Such a system will level up the drawback gradually in short space of time.

Q: 8. In our humble opinion, we do not venture to suggest any change since the present qualification is sufficiently mature.

Q: 9. We presume at present the Tribunal consists of 3 members. If that is so, it is enough in our humble opinion. In case it is less, then, it should be made up to the limit of 3 in all.

Q: 10. (a) Yes. We are of opinion that the present panel of Assessors fulfils the purpose. Yet, we can strongly recommend that Ex. Railwaymen too may be chosen to serve in the panel. If you will approve, we may submit a few names, who possess a fund of experience and mature thinking.

(b) As mentioned in clause (a) above, Ex-Servants too may be selected.

Q: 11. We had already suggested against Q. 3 of Part III that all matters about freight should be dealt with only by the Railway Rates Tribunal. Under the arrangement an independent branch solely for this work has to be formed. Such branch should be composed of judicial and also non-judicial members (some experienced ex-servants and retired servants of the Railway being chosen to work there for the sake of giving the benefit of their experience and enriching the resources). Provision has to be made in the budget for this extra establishment as it is indispensable to the welfare of the Railway and the public.

Q: 12. No. There is a splendid justification for the continuance of the Railway Rates Tribunal, and it must. The functions of Tariff Commission is not comparable and is unsuitable for this specific purpose over which there is country-wide agitation.

## Glaxo Laboratories (India) Ltd.,

Madras.

### PART II

Q: 18 (a) We feel that if the goods are booked at consignor's risk, the liability of the Railway should only be that of a 'bailee'; on the other hand, if the goods are consigned at Railway risk, Railway's liability should be that of a common carrier, which in effect would make the Railways 'insurers' of goods carried by them.

(b) Our views are already given in 18 (a) above, but we would add that the nature and extent of the risk that would be assumed by the Railway for goods booked at *Railway risk* should cover all contingencies like theft, pilferage, fire, damage, destruction, riot, etc., occasioned directly or indirectly whilst the goods are in transit, and should only exclude Acts of God or Nature.

Q: 19. To minimise claims which arise directly or indirectly from thefts or pilferages, we would suggest that the Watch & Ward Staff of the Railway be increased, and those who are caught committing these acts, should be summarily punished by the State or Union Government, as the case may be, so that it may set an example to others who are likely to indulge in such nefarious activities.

Q: 21. We would observe here that generally the Railway take a very long time to settle our claims. We suggest that the machinery must so devised that no claim is kept outstanding for more than two months from the date it is first submitted.

## Madras Provincial Handloom Cloth Merchants' Association,

Madras.

### PART I-A

Q: 1 (a) General classification of goods is helpful to merchant communities for the movement of different kinds of goods. But the classification has been very wrongly made without consideration especially with regard to the rates for Handloom Piece-goods, Khaddar and Cotton Yarn.

(b) For inter-state export it is beneficial. But as far as movement of Handloom goods from local producing centres to marketing

areas of short distances, such as Madras, Coimbatore, Erode, Salem, Madurai it is not beneficial. For short distance movement the exporters of Handloom Piece-goods take to road transport as it is cheaper.

Q: 2. Most of the traffic, for shorter distances, go by goods train. To attract traffic short distance charges may be withdrawn. Only on account of this short distance

charges, handloom goods and cotton yarn are transported by roads.

Q: 3. As there is no transshipment charges in parcel traffic, this may also be removed in goods traffic,

Q: 15 (i) There is no meaning in having terminal charges for goods traffic as the existing rates are already exorbitant. Further collection of terminal charges is not justifiable.

Q: 6. Long distance point to point traffic should be given rebate rate fixing the minimum maundage.

Q: 7. As there is a minimum charge, there is no meaning in fixing the minimum distance while charging the rates.

Q: 9. The grouping of commodities such as Handloom piecegoods, Yarn, Khaddar, Handloom Silk goods, should be given the lowest class. There should not be different classification for O. R. and R. R. Whatever packing conditions are necessary they may insisted for all goods. Every goods consigned should be covered by R. R. The present O. R. rate should be the rate for goods consigned.

Q: 10. The present rate for Handloom goods is as indicated in class 10, Under this class the rate charged is almost double the rate under class 1. Even under parcels for Handloom goods half the rate is collected as perishables. Handloom goods is the product of the most affected Cottage Industry and it should be classified as Class 1. Likewise materials such as cotton yarn which are used for producing Handloom goods should be classified under class 1. Bringing the handloom goods under class 10 the transport charges become very high thereby increasing the prices of the products.

Q: 12. Handloom and Khaddar goods should be given special reduced rates.

Q: 13 (a) Minimum charge should be Re. 0-8-0 as pre war period.

(b) Minimum charges should be uniform with all commodities.

Q: 15. "Smalls" traffic in the same class may be loaded in one wagon load for a particular destination insisting merchants for proper marks and addresses to facilitate loading in one wagon,

Q: 16 (1) As there is shortage of wagons, now, the present system may be continued. When sufficient wagons are available the old system of minimum 81 maunds per unit M. G. wagon may be insisted.

Q: 17. Reduced train load rates fixing the minimum number of wagons and weight will encourage merchants to send goods in large quantities.

Q: 18. A small extra percentage may be levied for movement by express goods,

Q: 21 (a) Minimum distance of 20 miles should be imposed for goods traffic.

(c) As far as Madras is concerned proper coastal shipping facilities are not available. It is not desirable to divert traffic by sea transport. If proper shipping opportunities which are very meagre at present are available there the question of diversion may be considered.

Q: 22. The present railway rates are much higher than road traffic for shorter distances.

Q: 27. Short distance charges may be waived for Cotton Yarn to enable Handloom Industry to get Yarn at a lesser rate.

Q: 29. Telescopic rates are feasible to merchants and requires no revision. Station to station rate should be fixed for all capital cities in the country. This will enable free movement of goods from one Station to another.

Q: 30. Shipment traffic should be given Station to Station rate in order to compete with world market.

Q: 32 Yes. For the development of Handloom and other Cottage Industries.

Q: 33. Agriculture and village industry products may be given priority.

Q: 45. Chemical manures are charged 3rd class and manure at 1st class. To assist the agricultural interest in the country all manures should be given 1st class.

Q: 47. (ii) Where wagon loads goods booking are allowed ware-houses should be constructed to facilitate merchants to stock goods before demanding the wagons. Shortage of ware-houses exposes handloom goods to rain and sun and handloom goods exporters put to loss and suffering.

## The Madras Piece-goods Merchants' Association,

Madras.

### PART I-A.

Q: 1. (a) The revision of the general classification of goods in the year 1948 has not, so far as our knowledge goes, adversely affected any industry or trade.

(b) The introduction of telescopic rates in replacement of station-to-station

rates has been helpful to the industry and trade generally. Not to our knowledge.

(c) The revised freight structure has to some extent adversely affected the short haul and medium haul traffic inasmuch as there has been a diversion of goods trafci

from the rail to the road. Transport by lorry has been found not only cheap but also convenient. It is also less risky due to more careful handling and absence of pilferage.

Q: 2. (a) Under the present economic conditions prevailing in the country which is characterised by high prices, shortage of commodities, paucity of adequate transport facilities, the present rating system may not prove itself to be an impediment but when once the prices tend to fall down, the freight structure will have to be revised downward so as to make things cheaper.

(b) We have no knowledge of it.

Q: 3. (i), (ii) (a) & (b) We have nothing to say.

Q: 4. The present practice may be continued.

Q: 5. We are not against the principle of levy of a separate terminal charge, a short distance charge for haulage of less than 75 miles and the transhipment charge for break of gauge. In all these cases except (ii) the railways do incur some expenditure and it should be recouped.

Q: 6. The present distance unit limit of one mile may be raised to 20 miles.

Q: 7. No.

Q: 8. We suggest the abolition of the charge for haulage of empty tank wagons to the loading stations as it is the responsibility of the railway administration to supply such empty tank wagons at the loading stations which are very limited in number. Loading of oils in tank wagons generally takes place only at ports and other important distributing centres in the hinterland.

Q: 9. The existing classification may be continued.

Q: 10. All textiles may be grouped into one class irrespective of their prices and other considerations governing the classification of commodities into particular groups.

Q: 11. Even at present "smalls" are charged at a higher rate than traffic moving in wagon loads. The present practice may be continued.

Q: 12. We suggest that the charge should vary with the class of commodities carried.

Q: 13. (a) No revision of the present uniform rate of minimum charge for "smalls" appears to be necessary at present.

(b) Not necessary.

Q: 14. The minimum weight for a "smalls" consignment carried by goods trains may be raised to 21 seers instead of 7 seers.

Q: 15. We welcome the suggestion.

Q: 16. (i, ii, iii) We agree.

Q: 17. It is desirable to allow train loads as an emergency measure and to have "train load rates". In this case this should not interfere with the usual traffic. This will help big industries, large scale construction works etc.

Q: 18. An additional charge should be collected for running special express goods services, if the consignor desires that the

consignment should be moved by special express goods service. Express goods services are always welcomed by the trade. The charge may be 25% more.

Q: 19 & 20. No knowledge.

Q: 21. It would not be advisable to put a complete ban on short distance traffic on railways inasmuch as road transport is not well developed in this country. To begin with, a ban may be imposed on certain listed commodities which can be economically moved by roads or inland waterways. This list may be enlarged every year. 50 miles and below may be taken as short distance traffic.

(b) Freight rates on commodities on which a ban may be imposed to discourage short distance traffic on railways may be increased by 30 per cent. of the ordinary rate.

(c) Yes.

Q: 22. Freight rates for traffic by road or inland waterways are cheaper than railway freight rates.

Q: 23. We welcome the suggestion to a freight pool being formed in regard to a limited number of commodities. The commodities in respect of which a freight pool may be formed are.

1. All food stuffs including pulses.
2. All Industrial raw materials.
3. All factory finished products such as textiles, sugar, cement, iron and steel, fertilisers, medicines, agricultural implements, etc.
4. Kerosene oil.
5. Salt.
6. Any packing material and timber.

Q: 24. Raw jute being an industrial raw material, we support the suggestion to have a uniform pooled freight on all raw jute brought to Calcutta.

Q: 25. The freight pool may be worked by an agency other than the railways and the industry concerned.

Q: 26. The freight structure should be revised downward. The railways are not likely to incur any loss on this account because of the increased volume of traffic the railways are likely to handle in the future. The railways should be run hereafter on purely commercial lines.

Q: 27 & 28. No knowledge.

Q: 29. Prior to the Second world war, movement of mill cloth from Bombay and Ahmedabad producing centres was subject to a station-to-station rate. This was abolished during the war years. We suggest that the station-to-station rate for mill cloth should be restored for movements from Bombay and Ahmedabad centres so as to attract more traffic in this particular commodity. Madras State imports nearly 8000 bales a month from the Bombay surplus area.

Q: 30. Railways being the chief means of transport in India, they have to play a very important part in the industrial development of the country. As the biggest employer of

labour in the country, as the carrier of raw materials from the different parts of the country to the manufacturing centres, as the distributor of finished products from the factories to the consuming centres, as the principal carrier of exportable articles to the ports and also of foodstuffs from the surplus zones to deficit zones, the importance of Indian railways cannot be under estimated. It has been proved beyond doubt that the present telescopic rate system is a hindrance to the future development of industries in this country and that it should be replaced by station-to-station rates.

Q: 31. The railways' freight rate policy should be based among other things, on the industrial and agricultural needs of the country.

Q: 32. Yes.

Q: 33. Just as the Government of India have exempted industries newly started from payment of incometax for a period of 5 years, the railways should show some concession in the matter of fixation of freight rates to industries newly started or newly planned at least for a period of 5 years. This concession may be shown to all cottage industries etc.

It would be desirable if the railways show some special consideration to undeveloped areas also.

Q: 34. A surcharge not exceeding 25% may be collected over and above the ordinary rates for a period of 5 years on all commodities except the agricultural products moving in and outside the area where new lines may be constructed.

Q: 35. Refer answer to Q. 34.

Q: 36. No suggestions to make.

Q: 37. All raw materials required for village and cottage industries may be moved at half the present rate quoted for goods traffic. Similarly all finished products may also be moved at half the present rate applicable for goods traffic. A regrouping of commodities may also be attempted, if possible.

Q: 38. Controlled prices are always inclusive of railway freight and therefore one or other of the agencies in the chain of distribution will have to bear the freight out of his own margin of profit. The railways do not make a distinction between a controlled commodity and a non-controlled commodity when they fix the railway freight.

Q: 39. No knowledge.

Q: 40. The picture drawn is rather gloomy and we cannot subscribe to it. Increased industrial and agricultural activity that would result from the 1st and 2nd Five Year Plans are bound to bring increased revenue to the railways. The revenue from passenger and goods traffic have not gone down even though the country was in the grip of a business slump during the past 2 or 3 years and there is no reason to be pessimistic about the financial stability of the railways in the coming years. Besides, Indian railways have been and will be receiving substantial aid both under the Colombo Plan and the American Technical Aid Plan.

Q: 41. Railway freight is not a major factor which stands in the way of exporters of Indian commodities. Lowering of railway freight on exportable commodities would not, in our opinion, increase the competitive capacity of such commodities in overseas markets. The benefit of such a concession would naturally go to the exporters only.

Q: 42. The pattern of traffic must have definitely changed during the post-war period. Various new industrial concerns have sprung up throughout the length and breadth of India. Industrial production has gone beyond the targets fixed for each industry under the first Five Year Plan which means increased traffic for the railway.

Q: 43. Availability of raw materials, cheap labour, easy transport facilities etc., are the main things that determine the location of an industry in a particular place. Freight rate is of secondary importance at this stage.

But freight rates do definitely play an important part in the development of any industry or the furtherance of trade. Freight being an important item that goes to determine the cost of production of any manufactured article, the freight policy of the railways should be so moulded as to help the development of industries throughout the country. If the industry prospers the benefit will also go to the railways. We feel that freight rate policy adopted in 1948 was chiefly meant to augment the finances of the railways and not to further the development of industries in the country. Now that we are on the road to a welfare State, the railways have to thoroughly revise their rates policy.

Q: 44. So far as piecegoods is concerned, all transactions are conducted ex-godown.

Q: 45. No knowledge.

Q: 46. In the industrial field, Madras State is backward when compared to all other major States. Madras has still to import foodstuffs, mill cloth, sugar, cement, iron and steel, coal and coke, jute and jute products, woollen materials, oils etc., Madras is a surplus state so far as cotton yarn, tea, spices, oil seeds, handloom products are concerned.

Q: 47. The agriculturists in this State do not seem to be much bothered about the existing railway freight. What they are really bothered about is the lack of transport facilities. Wagons are not provided for in time for the movement of agricultural products with the result that goods cannot be moved in time to places where they are urgently required. Instances are not wanting where perishables like mangoes, oranges, plantains etc. have deteriorated for want of movement facilities. The railways would do well to provide storage facilities at stations where perishables are booked in wagon loads during seasons. What the agriculturist require is adequate facilities for quick movement of consignments rather than a reduction in railway freight.

Q: 48. No key or major industries are likely to be set up in this State during the Second Plan Period. More emphasis is being laid on the development of cottage and



small scale industries in the next Plan period.

Q: 49. We do not expect any substantial increase in the volume of business during the Second Plan Period in the Madras State.

Q: 50. Not possible at present.

Q: 51. Plans not finalised.

Q: 52. & 53. Not possible at present.

Q: 54. The railway freight structure ought to be framed with a view to foster and accelerate the industrial and agricultural development in the country.

Freights should be so adjusted as to attract traffic at economic levels. This could be achieved by re-introducing station-to-station rates for particular commodities such as food stuffs including pulses, cloth, sugar, cement, oils, iron and steel, medicines and all industrial raw materials.

Q: 55. Nil.

## PART II.

Q: 1. (a) Nearly 95% of the consignments in piecegoods are booked at owners' risk.

(b) No knowledge.

(c) No.

Q: 2 (a) Exports outside the country move always under cover of insurance whereas movements inside the country by rail are not generally covered by insurance.

(b) Insurance is generally done to cover damages by water and or oil, fire, pilferage and loss of consignments in the course of transit.

(c) No knowledge.

Q: 3. Not even 5 per cent. No.

Q: 4. (a) The railways always try to repudiate the compensation claims on various grounds. It is only when railways are threatened with legal action, they come round and pay compensation. Generally it takes more than a year to get a claim settled. The railways always try to find some legal loophole to avoid payment of claims.

(b) No knowledge.

Q: 5. (a) No knowledge. The railways alone can supply this information.

(b) No knowledge.

(c) No knowledge.

Q: 6. No knowledge.

Q: 7. (a) In practice, the trading public has derived no benefit from the new provisions of the law. The railways still disown responsibility for the loss of goods in transit, thefts, pilferages, damage to goods by wet etc. Public are asked to prove that the loss was due to the negligence or misconduct of the railway employees which, in the ordinary course of events, is not possible unless the consignee himself travels with his consignment.

Very often goods are unloaded in open yards and showers coming all of a sudden damage the goods. In such cases the imputation is on the defective packing of the consignments. Unloading should always be in covered sheds.

(b) As a result of the repudiation of compensation claims by railways there has been a diversion of goods traffic in recent times from the rail to the road. The T. V. S. and S. R. V. S. lorry services are being patronised by the public in an increasing measure and these concerns are slowly expanding their services to places uncovered by them so far. Recently one of these services has opened a new service line from Madras to Guntur and it is likely that they may try to cover other important centres in the Andhra State in the near future. There is also regular lorry traffic service from Ahmedabad and Bombay via Bangalore to Madras. The charges are also lower by 1/3 of parcel rate. Consignments reach their destinations earlier than those booked by passenger train. No pilferage, loss of consignments and damage to goods booked by lorry service have so far been reported.

Owing to wrong marking of code words at stations of despatch, consignments are wrongly delivered to parties and it takes unduly long time for a dealer to trace out his bale. This has become a daily occurrence now-a-days and the railways should take early steps to stop this. To this extent the railways are losing business.

Q: 8. There should be only one risk and that should be railway risk. When the consignments are entrusted to the Railway, why should they not take the risk on themselves. It is the duty of the railway to provide safety in all respects. For pilferage and loss of consignments there must be proper safety measures, check and vigilance. Pilferage and loss of consignments oftentimes drive the consignors to resort to other modes of despatch.

Q: 9. Does not arise in view of our answer to question 8.

Q: 10. The owners' risk note form should be abolished altogether. All bookings should be at railway risk. For wagon loads, a lesser rate must be charged and the reduction must be at least 30% of the smalls.

Q: 11. Commodities coming under the excepted categories may be charged at an enhanced rate.

Q: 12. Under no circumstances should there be a deviation from the Railway risk as this will undermine the system and principle.

Q: 13. No. Even in these cases the Railway risk system should be adhered to and the strict packing conditions should be insisted upon.

Q: 14. The railways should hold themselves exclusively responsible for the loss, damage, theft, pilferage etc. of consignments entrusted to them for transport. In other words, their responsibility should be similar to that of a common carrier instead of that of a bailee.

Q: 15. We have no comments to offer regarding the present standard and special conditions of packing.

Q: 16. The railways should prescribe compulsory normal packing conditions for all commodities and insist upon the consignors to strictly adhere to those conditions in order to avoid possible damage to con-

signments during transit and also to reduce compensation claims by the consignees.

Q: 17. (a) No warehouse facilities for storage of goods exist in the Madras city.

(b) The Railways should sponsor a scheme for the construction of warehouses for the storage of goods at important centres. In doing so, it would be better to sponsor a public limited company in which the railways and the public may have equal share. After the lapse of 10 or 15 years the railways may withdraw their capital, making the entire thing a public limited company.

Q: 18. (a) Section 72 of the Indian Railways Act, 1890, should be so amended as to make the railways fully responsible for loss, damage, theft, pilferage etc. of consignments entrusted to them for transport through rail.

(b) The responsibility of the railways should be that of a common carrier instead of that of a bailee. This alone will infuse confidence among the trading public and put a stop to the continued diversion of traffic from the rail to the road.

Q: 19. We suggest that Watch and Ward staff in goods yards should be enlarged and strengthened. All goods trains should be provided with armed police.

All covered wagons should be provided with a collapsible door inside besides the ordinary one outside.

Before a goods train leaves a shunting station, some responsible officer should inspect the locks of all wagons and satisfy himself that they are in order and there should be check over this also.

Only licensed coolies should be allowed into a warehouse and they should be searched by the watch and ward staff when the coolies enter and come out of the warehouses.

Q: 20. The incidence of running train thefts is high in case of cotton piecegoods, foodgrains, sugar, stationery articles, fruits etc.

Q: 21. Claims: In the case of small traders who know nothing about the intricacies of the law, the claim papers do not find the light of the day. In such cases where true claims exist, there must be a staff set up by the Railway to assist such small traders to get their claims settled. This will go a long way to infuse confidence in the poor merchants.

### PART III

Q: 1. (a) We are for abolition of the Railway Rates Tribunal and substitution of it by a statutory advisory body on the lines of the Tariff Commission.

(b) & (c) Does not arise in view of the answer to Q. 1 (a).

Q: 2. In case the Government desire to reclassify any commodity, they should do so only if the advisory body recommends for such re-classification.

Q: 3. Does not arise in view of the answer to Q. 2 above.

Q: 4, 5 & 6. The procedure adopted by the Tribunal is cumbersome and hence there is much delay in obtaining a decision from the Tribunal. Besides, it is too costly to fight out an issue before the Tribunal. There are only very few advocates who have specialised in this particular branch of law and they often demand heavy fees for appearance before the Tribunal.

Q: 7. Parties generally dislike the idea of appearing themselves before a judicial authority and plead for themselves. Moreover, they feel incompetent to do so and that is the reason why they engage legal practitioners who are well acquainted with the intricacies of law and also who are supposed to be well-versed in representing matters in the proper form.

Q: 8. No comments to make.

Q: 9. Does not arise in view of our answer to Q. 1 (a).

Q: 10. (a) If an advisory body similar to the Tariff Commission is established, the present practice of associating assessors with the Tribunal can be dispensed with. The Advisory Body should have on it a judicial officer not below the rank of a High Court Judge, an experienced railway official and an experienced businessman or industrialist.

(b) Does not arise in view of the answer to Q. 10 (a) above.

Q: 11. In case the Government were to accept our suggestion to constitute a Statutory Advisory body and decide to consult this body on matters pertaining to fixation or alteration or modification of rates, we do not feel the necessity to have another independent body charged with the function of fixing rates or dealing with complaints arising therefrom.

Q: 12. We suggest that a Statutory Advisory body may be constituted on the analogy of the Tariff Commission.

# The South India Flour Mills Ltd.,

Madras.

## GENERAL

We have always felt that Railway Freight Structure should be uniform throughout the Indian Union as this would instil confidence in the minds of the businessmen and also enable them to work up their own quotations for their products and favourably compete with those from other centres. While so we have noticed that there is a special concessional rate for the despatch of maida, from Bombay (Wadi Bandar) to Madras and when we moved the matter with the Railway authorities, they confirmed that special arrangement, but at the same time they replied that it is not applicable for traffic in the reverse direction, i.e. from Madras to Bombay (Wadi Bandar). Madras is an equally important city and flour mills are situated in the city whose products go out to Bombay and it is necessary in the interest of the trade that there should not be any distinction in the matter of transport of goods from one place to another. After all carriage is made by you more or less as a public carrier and if the goods are despatched from Madras, the same concessional rate should apply from this direction also, in the interests of the country at large. Equal facilities should be given to all the provinces especially after the gaining of Independence when our goal is to develop the country's resources and when there should be no discrimination or one way traffic in the freight structure.

The desire for the reduction of railway freight is almost universal and there is no consignor or consignee who would not like the Railway freight to be brought to as low an amount as is feasible with the efficient administration of the Railways—that is to speak in a general way. To speak specifically however, we venture to add that we are engaged in the trade of an essential food commodity and taking into account the acute food situation in the country as a whole it is our hope that as low rates as possible should be charged by the Railways in respect of the smalls as well as the wagon loads so as to enable the goods to reach the consuming public at a cheap rate. In the long run it is the consumer who has to bear the brunt of the freight and the problem of the consumers is not individual, but national, indeed it is the problem of 360 millions of our people each one of whom is a consumer. Hence we would request that a minimum charge be levied in respect of food items from one place to another within the Indian Union.

We find that surcharge of 6½% is being levied on small consignments weighing less than 20 mds. As far as we can see surcharges of any nature are detrimental to the interests and growth of live-wire business and we would like all such charges

to be reasonably incorporated in the freight itself than to be separately levied.

We often come across the nebulous expression that carriage of traffic by rail is subject to operational and other restrictions imposed on booking in force from time to time. While we appreciate the purport of this clause, reserved by the railways, we wish to add that individual cases should also be decided on their merits and the general rule must have its exception. Unfortunately we find that it is given effect to flatly reminiscent of the steam-roller, notwithstanding the merits of the cases that should receive special consideration and relaxation of the said restrictions in force.

We shall quote you a specific instance which we are at the moment facing objectively as consignors. From time to time we receive orders from our mofussil patrons asking us to book our manufactured goods such as maida, atta, semolina, bran, gram dhall, gram flour etc. Recently the Rlys. have imposed a ban that smalls exceeding 10 mds. cannot be booked to one single party at a time; but the nature of the orders received by us are such that the quantities invariably exceed the specified 10 mds. and it is our bounden duty to accept the orders of our constituents, prepare the contract and thereafter execute the same as a whole and in its entirety. Thus if an order is received for 20 bags amounting to 40 mds. the contract is made for the said 20 bags and the 20 bags must be despatched as a whole, as it is a condition precedent of the contract. But the imposition prevents us from executing the contract in its entirety, which almost nullifies the entire contract, putting us into great business loss. In some cases, we split despatches under one contract and send it at different times but the parties do not approve of it. This almost amounts to a revival of the rationing fortunately not now in vogue.

Bookings of sundries have thus become a veritable nightmare to the merchant community and sooner these restrictions are removed the better it would be. Besides competition by road is also keen and there is likely to be a diversion in that direction viz., from the Railroad to the Road.

You will agree with us that all business houses are generally located with a view to ensure its proximity to the Goods shed, Harbour and such other places. In fact if the volume of trade is larger, people are even anxious to have a Railway siding of their own, as we ourselves are moving in the matter to get the Madras Port Trust Railway extended upto the corner of 1½, Beach Road, Royapuram where we are building our large 'A' Mills. Our present 'B' 8 mills is also situated within about a fur-

long from Royapuram Goods shed. Since about a week, sundry booking of goods and clearance of sundry goods have been suspended at Royapuram goods shed and we are asked to go to a far away place, viz. Salt Cotaurs for such booking. We never expected that a great institution like the Railway will give effect to such broad changes of policy almost by the stroke of the pen so as to render all our plans ineffective, shattering our hopes and paralysing our trade. Indeed we believe as we believed for 20 years, that we could continue to safely book our sundries from Royapuram goods shed and expected this would be a permanent and enduring feature. But the sudden change overnight, has upset all our plans and put us to great inconveniences and business loss. Transport expenses are mounting up, and we are unable to carry as much quantity as possible for despatches due to the distance involved. Likewise we are affected when we have to clear the goods from there. Perhaps it would not be out of place to mention here that the Railway staff are even more distressed as they are unable to cope up with the colossal work at Salt Cotaurs consequent on the transfer of sundry booking there. Matters are delayed and precious time is lost which we as businessmen cannot afford to lose.

For the carriage of traffic from the Madras Harbour a harbour haulage charge of Re. 0.0.3 per md. is being levied extra. This extra levy may be recommended to be stopped by the Port Trust Railway which is a branch of the National Railways for all intents and purposes.

In some cases an extra charge for each 4 wheeled M.G. wagon is levied in addition to the freight chargeable. To quote a specific instance this extra levy is effected when traffic is booked to Jamnagar. These extra charges savour of flexibility which is not desired when rigidity in rates are needed.

All things told and considered, the Indian Railways continue to be a public carrier notwithstanding its nationalisation and its duties and liabilities as a public carrier cannot therefore receive any new orientation under the changed set-up. For instance re-weighment of wagons by the Railways is considered only after the arrival of the wagons and prior to the placement of the same, and within this brief spell the inspection of the consignment is to be made which is well-nigh impossible and is tantamount to a negation of the so called facility offered. If by chance we insist on weighment and consequential delay is caused, demurrage is unreasonably collected which is indeed arbitrary.

Railway receipts are issued by the Goods shed authorities wherein the remarks "said to contain" is often endorsed. This dubious expression absolves the Railway of all responsibilities for shortage and for that matter neither the producer nor the consignor takes any responsibility but it is the importer or the consignee who has to bear the brunt of whatever losses that might accrue, subject of course to his right to put in his claims.

Likewise we are asked to load a wagon or unload it on a Sunday or on any public holiday when our office and factories are closed. It is practically impossible to attend to the Goods shed with the requisite transport

and labour on such days. While we appreciate that this national institution should continue to render its service on all days of the year so as to prevent unnecessary hold up and jam of traffic what we request is that this system may continue but in all cases where it is not possible for the parties to load or unload the goods on a Sunday or on any public holiday no demurrage charges should be charged the next day when they come to clear or load the goods.

There are instances where due to the delay involved on the part of the Railway authorities, such as not giving necessary facilities for weighment or for some other operational reason demurrage charges are still collected from the parties. In all cases where the delay is on the Railway side, no demurrage charges should be levied. Sometimes we are asked to pay demurrage charges in advance and claim the same by and by. When the amount so paid involves a large sum as business people we do not appreciate its being unnecessarily locked up. Besides if a delay is caused and the matter is under dispute the demurrage charges go up almost in geometrical proportion with the result that before the matter is settled the charges mount up to a staggering figure.

In case of application for open delivery of the consignment the authorities insist that it should be made within the period of the free allowance and during this period it often happens that the Railway receipt is not available for inspection of goods and hence the period must be extended.

The delay in the settlement of claims as a rule should be expedited and in the case of admitted claims it should be forthwith sent. Speaking of claims we suggest that in most cases, the inclement weather and the damaged condition of the wagons are the sole causes. Weather cannot be avoided as it is natural phenomena, but certainly better air-tight, water-tight and compact compartments could be provided while the battered wagons should be taken off the rail as these are detrimental to the interest of the Railways and to the nation as a whole. For after all you will agree that the Indian National Railways is our own railway and all claims paid only add to deplete the resources and revenues of the Railways, who could use it to better advantage.

Almost invariably all articles booked with the Railways, come under the category of Railway risks and rightly it should be. Hence the other class, viz. O. R. is almost obsolete in the circumstances and may safely be deleted from the provisions of the rules.

Movement restrictions by themselves paralyse the trade but it seems to be inevitable in the interests of operating traffic. However, it is hoped that the restrictions will not be far too long a period causing unnecessary congestion and when the restriction is removed, immediate arrangements should be made to clear the goods traffic and ease the condition.

Often we find that wagons are being sent to the station for placement towards the evening. It is preferred that this should be done in the morning itself as it will obviate congestion of traffic and also help the consignors to complete the job during the course of the working day.

In the case of goods consigned by various parties in India to the port towns for onward transshipment in steamers to foreign countries special low rates of freight is requested so as to enable the Indian merchants to compete in the foreign markets as it must be agreed that cheaper the freight the more economical it would be for purposes of competition which is so keen these days. This is the one way in which the cost could be cut down which may not be competitive in the foreign market with those who do not have to despatch by rail. This may be an only exception to the otherwise uniform rates of freight as this privilege is for all Indians competing abroad and the interest is national because it leads to Dollar and Sterling earning useful for the country economy.

The present packing conditions should also be relaxed as this will also be a vital factor in bringing down the cost of the goods. Ample opportunities should be provided to the booking public in regard to the routes by which their goods could be more economically sent as it often happens that longer routes instead of nearer and *vice versa* are chosen involuntarily.

In some cases booking for a certain destination is fixed for some particular day in the week. Sometimes when restrictions imposed happen to fall on that particular day when booking is available, then that week day is lost and a period of 2 weeks elapses before one could book to that destination. This should be avoided as far as possible as a period of 15 days' waiting to book to a particular station is not conducive to business interests. Nor is it fitting with the high ideas of service which should dominate the entire activity of a public institution such as the Railways.

#### PART I-A.

Q: 11. You have invited suggestions regarding the proper relationship between the rates for traffic moving in 'smalls' and in 'wagon-loads'. Wagon loads are usually associated with the whole-sale consumers who are merchants of sufficient means and wealth. But most of the traffic that reaches the small dealers and the average consuming public goes in the shape of 'smalls' and it is suggested that the rate of 'smalls' should be also brought in par with the load given for wagon loads. After all the basic principle that many smalls make a full wagon load should not be lost sight of and in so far as the Railway is concerned smalls constitute the greater bulk of their freight and traffic rather than wagon loads themselves. It is therefore felt that without in any way affecting the financial stability of the railways, or depleting their revenues and resources the rates for smalls could be brought to as low a level as that of wagon loads if not lower as the reduction in smalls will add to the benefit of our country's teeming millions—the common men and women and children.

Q: 18. The suggestion that for special express goods service, there should be an additional charge is no doubt laudable but we are of opinion that all goods service should as far as possible be of an express nature as this will infuse confidence in the minds of the consignors and consignees. Hence special express goods service as a distinct entity savours of the impression that ordinary goods service is slow.

Q: 21. Even though the overall charge for short distances is generally unremunerative we would not suggest that the Railways should cease to carry such traffic. There may be alternative modes of transport, but during the advent of the Railway economy, road competition was fraught and kept at bay and there is no reason why our Rlys. should not now be keen to compete and provide cheap rates against the road traffic or inland waterways manned by private enterprises throughout the country.

Q: 22. Personally we would not attempt a comparison between the freight rate of the Rlys, and that of the road and inland waterways. Undoubtedly Railway freight rates are cheaper and due to its larger network and wider organisation and consummate skill, practically the whole country is covered while inland waterways play a very limited part as it is availed of for specific purpose only where Rail road is not laid. Likewise when Railway booking is not available or when out of way places have to be touched road traffic asserts itself. We feel that no useful purpose will be served by comparing the road and inland waterways with that of Railways.

Q: 26. This is a rather broad one calling for a very broad expression of opinion. Both the First Five Year Plan, and the contemplated Second Five Year Plan envisage a rapid development in the agricultural and industrial development of our country and it stands to reason that in a welfare state under the new democratic set-up, all things must be available to the common man at a cheap rate and within the minimum possible time and to ensure this a minimum of freight in respect of the transport of commodities, from place to place in the Indian Union will be very helpful. Furthermore the economic progress of the country would be achieved and the ludicrous disparity in the social structure of our teeming millions would eventually vanish into the mists.

Q: 32. Regarding the desirability of the railway freight structure to be utilised to assist the development of a particular industry or other industries, we wish to state that it must be utilised to assist every type of industry and every type of interest without making bone out of the one and flesh out of the other. It is up to the State to give fillip by way of subsidy or grant or loan but the Railways as public carriers could not be called upon to play this role.

Q: 33. As regards your query whether the Railway Administration should also render the same assistance to the establishment and development of industries, we wish to submit that we do not approve that a distinction should be made by the Railways between the requirements of industries already established and those newly planned as this would tantamount to a step-motherly treatment and infuse a spirit of discord among the established industries against the new ones and the Railways. Although the Railway is a national unit, its inherent characteristic as a public carrier should not be lost sight of and this alone should prevent it from showing any special consideration for the economic development of the under-developed areas. This is for the Union Government to decide and the Railways may implement their recommendation in so far as they assure of equality



and impartiality between area and area and State and State. But if by special consideration you mean that new Railway lines should be constructed in all undeveloped areas, certainly Rys. are quite welcome to undertake this national task, and bring the produce of the near villages to the towns and cities of the country. In the event of constructions of such lines by the Rys. we would not like that even for a limited period the mileage should be inflated however burdensome the project may financially be to the Railways. Certainly the Railways as an institution can withstand depression and stringency better than individuals.

You will have noticed that from time to time we have been emphasising on the need for uniformity whether it be in the sphere of Railway freight rates or packing conditions or grouping of commodities or in any other way and keeping this in view we do not think it would be fair to mete out a special treatment for certain areas for the development of their village and cottage industries under the 2nd Five Year Plan. The policy of the national institution should be on an all India basis and of an uniformity which should extend to every nook and corner of the country. One way traffic notwithstanding its merits, should be guarded against by national institutions and as far as possible concessions and special considerations should be eliminated. Objectively we feel as Flour Millers that our Maida costs more to be conveyed by goods traffic from Madras to Bombay than Maida which comes from there to Madras. This should be guarded against, not only in the interests of the entire country in general and of the National Railways in particular.

Q: 41. We would attach greater importance to stable rates prevailing irrespective of any factor, such as market fluctuations in the competitive conditions in the export market. None of these considerations should govern or be in the criterion in the fixation of railway freight rates. In the post-war period which is also the period of the creation of Pakistan and the

division of India certainly there has been a voluminous increase in the quantum of traffic in the Indian Union and the direction of traffic has been mainly from the North to the South and the West. Exact figures are not available with us and we are open to correction, but we have hazarded a guess with a little talent in it—we hope. In the industry in which we are connected we quote our rates ex-mills and charge transport expenses separately, which comes to F.O.R. forwarding station. All our goods are booked to 'self' and made 'to pay' and the dealer on the otherwise pays the freight and clears the goods on production of the railway receipt which we duly endorsed in his favour. This is our mode of despatch by rail.

Q: 47. We wish to reiterate that instead of showing a special consideration to the small agriculturist in disposing off his small produce quickly, the Railways themselves may provide small warehouses with a view to conveniently and effectively clubbing of small consignments into wagon loads to enable small agriculturist to avail himself of the benefit of the reduced rates applying to wagon load quantities.

Q: 54. We only wish to reiterate that the Railway Freight Structure should emphasise on the role of the Railways essentially as a public carrier and hence all rules and policies in regard to fixation and modification of freight rates, packing conditions, grouping of commodities and other allied matters should be so directed as to ensure uniformity, impartiality and fairness to the public and tend to eliminate discrimination of which we are quite assured.

Now all the foregoing suggestions might have a direct bearing on the question of Railway Freight Structure but in view of the hope expressed by the Government that other cognate matters could also be advantageously reviewed by the Committee. We hope to be excused for our opinions expressed and for any errors that might have been committed in the course of our answers.

## The Madras Chillies Merchants' Association,

Madras.

### PART I-A.

Q: 55. In the case of 'Smalls' abnormal delays are caused in the Goods Sheds to despatch them. Railway Receipts are being issued for 'Smalls' and they are being kept without loading on the very day of the issue of receipts and loaded at convenient days and thus allowing the goods to be damaged and pilferaged. Sometimes parcels will be kept on the platforms and damages and pilferages are common due to theft etc. Due

to the less amount of care bestowed on these 'Smalls' Railways are losing large amounts by way of claims paid to the parties.

In the light of the above facts and in order to check the drawbacks stated above, we suggest that the 'Smalls' may be treated on a par with wagon loads in respect of priority to despatch and levy of freight charges.

# The Madras Provincial Foodgrains Merchants' Association,

Madras.

## GENERAL.

At the outset, we have to point out that ours is a Trade Association whose Members deal mainly in foodgrains, and as such we are directly interested only in those questions in the Questionnaire which specially relate to foodgrains. It is also our intention to point out why the present freight structure is not quite satisfactory and how it could be modified (especially so far as foodgrains are concerned) so that the Railways may get the maximum amount of revenue by way of freight and the business community may also be benefited by a quicker movement of goods.

In this connection we would also like to invite the attention of the Committee to the fact that the freight structure has a direct bearing on the prices of commodities. In the case of foodgrains, which are essential commodities and which directly affect the cost of living of the average man, it is absolutely necessary that the prices of the commodities should neither go far above nor far below a reasonable level. In other words, anything that the Government might do by way of revision of the rates must be conducive to keeping the prices of commodities at reasonable levels and preventing heavy fluctuations.

That the present freight rates are not attractive enough can be seen from the fact that merchants more often find it more profitable and convenient to transport goods by lorries in preference to Railways even when the distance is 300 miles or more. Not only do they find the rates cheaper, but the movement of the goods is also much faster than movement by Rail. In our opinion, most of the problems confronting the Railways and the merchants can be solved if the Committee accept in principle the following suggestion made by us.

Our suggestion is that preferential rates should be fixed for the movement of foodgrains from booking areas to the port cities and between ports and ports. From the point of view of the business community, the preferential rates will be advantageous to them in the following way. The sea ports and the big cities are the dictating centres so far as the prices of commodities are concerned, since such ports and cities have a bigger market and also facilities for importing and exporting commodities by sea. As the port cities always hold large stocks of commodities and as they are the distributing centres from which the mofussil places will have to draw their supplies, the prices in the mofussil will naturally fluctuate only according to the prices prevailing in such sea ports and big cities. If preferential rates, as suggested by us are adopted, goods (loaded in wagons) would arrive at the ports in the first instance and from there they would be distributed to the interior places. It will be seen that, in South India, none of the places in the interior is more than 200 miles from

the nearest port, and so places in the interior would automatically be benefited by the preferential rates allowed to the ports.

Under the present system under which a flat rate is charged on mileage basis, wagons loaded with commodities run all over India from one place to another irrespective of the fact whether the place is a major city or a minor town. As the wagons are consigned to a large number of places, they are held up at many junctions in their journey over long distances which may sometimes be a thousand miles and more. The net result is that the wagons get scattered all over the country. If the distances to be covered are large, say, thousand miles or more, the time taken for the wagons to reach their destinations sometimes takes a month or even more.

If the preferential rates suggested by us are adopted, as we have stated above, the interior places would also have the benefit of the rates allowed to the port cities as they get their supplies from the port cities. Wagons would go to the interior fully loaded and come back to the respective port cities fully loaded. At the port cities, the wagons that arrive fully loaded would return again fully loaded because these port cities have usually enough goods that require to be sent to all parts of the country by rail. Incidentally, this would also help the Railways to successfully compete with lorry traffic.

If preferential rates as suggested above are adopted, it would be possible for the Railways to run Block Specials from the booking centres to the ports concerned, from where the goods could be distributed to the interior places. This would be economical from the point of view of the Railway because the wagons would be put to their maximum use. The time taken for the movement of goods from the booking centres to their respective destinations being very much less, the running of these specials would be more frequent, with corresponding increase in revenue over given periods. We trust the Committee would give their careful consideration to this suggestion of ours when they make their recommendations for any modification of the present Railway structure.

While on this subject we would also like to point out that, though to all outward appearances the fixing of the maximum freight for foodgrains at Rs. 1-13-0 per maund appears to be beneficial to the merchants, in actual practice, it has been responsible for diverting traffic to small and out of the way places, and making ports like Madras lose part of their business and also their importance as centres for the regulation of prices. Also, the Railways stand to lose a lot of revenue because the wagons that go to these interior places seldom come back fully loaded. This is also a matter which the

Committee should take note of when making their recommendation for any revision of the rates.

If the Committee feel that the preferential rates cannot be allowed for all commodities, we would suggest that such rates should be introduced, at least as an experi-

mental measure, in the case of foodgrains, to see how it works in practice and whether our presumption is correct, that is, that the Railways would get a greater amount of revenue and at the same time the business community would also stand to benefit from the adoption of the scheme of preferential rates.

## The Mettur Chemical & Industrial Corporation Ltd.,

Mettur Dam.

### GENERAL

We are manufacturers of Heavy Chemicals and wish to represent the case of the Heavy Chemical Industry.

Indian production of Heavy Chemicals has recorded big increases in recent years as the attached statistics of Indian production of selected heavy chemicals (page 409) would show. India is no longer dependent solely on imports for these essential Heavy Chemicals which find application in other important industries such as paper, glass, soap, textiles etc. and the time, when self-sufficiency in the production of these important Heavy Chemicals will be reached, is not far off.

We wish to make a few general observations with regard to the broad principles which should govern the Indian Railways Rating Structure and in the future, it should serve primarily the national interest. We believe that, particularly in the case of Heavy Chemicals, of which uptill the beginning of the 2nd World War there was very little indigenous production, freight rates were designed primarily and deliberately to foster imports even with a view to stifle development of the Indian Heavy Chemical Industry. It is also common knowledge that the then vested interests were able to persuade the railways, mostly private owned, to frame rates for chemicals that would help the movement of chemicals from ports to consuming centres. For example, most of the W/L rates which survive today, are the remnants of the concession rates offered to facilitate import trade. It is therefore of vital interest to the Heavy Chemical industry that a thorough revision of the freight structure should be made to facilitate and cheapen the cost of raw materials required by the industry, as also to enable delivery of the finished products over long distances to consuming centres at reasonable prices. One other thing to be borne in mind is that, in the case of manufacture of Heavy Chemicals, the location of the industry is mainly guided by factors and facilities which may conflict with the ideal location with reference merely to markets.

It is well-known that since the years of World War II, the railways have not been able to move all the traffic offered. The fact that traffic of raw materials in bulk over long distances anyhow has to

move only by rail, seems to considerably influence the attitude of the railways to turn down the requests made by Heavy Chemical manufacturers for grant of concessions in freight rates. This is very strange, conflicting with even the attitude of the old company-managed railways, which, despite their greater willingness to help Import and Export Trade which was in the hands of foreigners, still favourably considered requests for concessions for bulk movement of traffic as a long range policy and even in cases of *ad hoc* movements.

We have also to point out that it should be the policy of the railways to give the most careful and anxious consideration to the recommendations for grant of freight concessions made by the Tariff Commission Board, which is now a Statutory body and seized with the progressive development of industries. Whereas the Tariff Commission Board recommended in several of its reports on industries that railway freight concessions should be made available to a number of industries investigated into by them, we do not know of a single instance in which the Commission's recommendations were acceded to by the railways. In the case of our industry—the Caustic Soda Bleaching Powder industry—three successive reports of the Tariff Board/Commission, recommending freight concessions to the industry, hardly received any sympathetic consideration at the hands of the railways.

Ideological considerations seem to weigh heavily these days with the railways and we plead for a more practical and helpful appreciation of the problems of the industrial sector by the railways.

Considering the programme of intensive industrialisation envisaged in the Second 5-year Plan, it is imperative that adequate transport arrangements should be ensured by the railways not only by increasing the permanent way mileage but also providing in full the wagon capacity required to cope with the volume of traffic, particularly with reference to Heavy Chemicals and Fertilisers, which will be nearly three to four times of the existing traffic, and the highest priority should be given to the rehabilitation of the railways and the provision of larger carrying capacity.

We have also to emphasise, from our own experience, that the present turn-round of wagons is really poor and there is considerable scope for quickening the turn-round of wagons. To quote one instance, it takes nearly 15 days on the average for a full tank wagonload of caustic lye to move from Mettur Dam to Madras and back—a distance of only 220 miles—which should ordinarily be done in not more than 5 days.

#### PART I-A

Q: 1. (a) The revised general classification of goods adopted in 1948 has been to the detriment of the Indian Industry in that several Station to Station rates were abolished and the classification of commodities utilised and produced by the Heavy Chemical Industry was up-graded simultaneously with increased freight rates and withdrawal of O. R. rates in a number of cases resulting in increased transport costs.

(b) The first leg in the telescopic rates of 300 miles is too long a distance and should be reduced to one-third.

For all chemicals manufactured by us, the revised telescopic rates are less favourable than the previous straight line rates.

(c) Similarly, the cost of transport of short-haul and medium-haul traffic has increased—please vide table attached. (Page 410).

In fact, several of our chemicals are now moved by road for distances upto 250 miles as thereby better and prompt service without transport risks is rendered to the consumer, at more or less the same cost. We refer to the movement of Caustic Soda, Bleaching Powder and Liquid Chlorine and Hydrochloric Acid from Mettur Dam to Bangalore, Madras, Tirunelveli, Madura and other South Indian Centres.

Q: 2. (a) There is perhaps sufficient flexibility in the present rating arrangements in regard to the movement of raw materials and finished products but the benefit of the flexibility is not made available by the Railways.

(b) In our experience, the present administration has not exercised its powers of discretion in reducing the rates; whereas, the former S.I.Rly. Co Ltd. more willingly exercised their discretionary powers to mutual advantage. In the case of salt, the then S.I.Rly. quoted in 1941 a Station to Station rate from Adirampatnam to Mettur Dam (254 miles) of Re. 0.3-6 per maund plus 12½% surcharge as against the present 8 as. per maund (granted by the Railway Rates Tribunal in 1954 following the Railway's refusal). These compare with the 1941 Class 1 rate of 0.38 pie per mile and the present class 2 rate of 0.54 pie/300 miles.

Q: 3. (i) So far as we are concerned, the classification of chemicals is not based rationally on the value or size, or the transport characteristic of the chemical. We also find the rates for classes 14 and 15 are disproportionately high. We suggest that a thorough examination of the grouping of the various commodities under each class has to be made and rates for each class fixed in relation to the various factors governing the movement of each commodity. To point out a few anomalies, caustic soda was in class 2 A.R.R. and class 2 O.R. before 1-10-1948, but after 1-10-1948 Caustic Soda is in class

4 R.R. and there is no owner's risk rate. Caustic liquor (like caustic soda) was in class 2 A.R.R. and class 2 O.R. before 1-10-1948 but after 1-10-1948 caustic liquor is in class 4 R.R. and class 3 O.R. the O.R. rate continues. There is a W/L rate WL/B for Caustic Soda but no wagon load rate is available for caustic liquor. Bleaching Powder and Liquid Chlorine are mutually replaceable but Bleaching Powder is in class 4 R.R. and class 3 O.R. but Liquid Chlorine is in class 14 R.R. and class 13 O.R. Sulphuric acid and Hydrochloric Acid are mutually replaceable but Sulphuric Acid is in class 14 R.R. and class 12 O.R. whereas hydrochloric acid is in class 15 R.R. only and is not eligible for any O.R. rate.

Also, on the British Railways, in the general classification of merchandise, commodities are eligible to charges at lower classes if larger volume of traffic is offered. For instance :

1. Caustic Soda in casks,	Class 8	4 tons
iron drums, cases or	" 10	2 "
sacks.	" 12	lots less than 2 tons
2. Liquefied or Compressed	" 10	6 "
Chlorine in cylinders	" 11	4 "
as per specification set	" 12	2 "
out in the Dangerous	" 13	lots less than 2 tons
Goods Classification;		
also in welded contain-		
ers (drums) as per		
specification set out in		
D.G.C.		
3. Bleaching Powder—	" 8	4 tons
as Chloride of Lime,	" 10	2 "
in casks, iron drums,	" 12	lots less than 2 tons
cases or sacks e.o.h.p.	" 16	Any quantity
Loose, (if so accepted)	" 8	4 tons per truck
4. Hydrochloric Acid	" 7	8 tons per truck
Ditto—in Jars	" 10	4 tons
	" 16	2 "
	" 20	lots less than 2 tons
Ditto—in Carboys at	" 10	4 tons
Owners's Risk only	" 16	2 "
	" 20	plus 20% lots less than 2 tons
5. Salt, common, in bulk,	" 4	6 tons
in blocks		
Salt, common; packed,	" 6	2 "
except in sacks in		
O.W.		

A similar system may be adopted.

(ii) (a) No. The distance range in the first two legs is too long and should be reduced to 100 miles with 50-mile steps thereafter.

(ii) (b) With due reference to the nature of the commodity, it is suggested that the reduction in rate should start earlier and that the first leg should

commence at 100 miles so as to result in reduced freight in deserving cases.

Q: 4. India is a country of distances and, as transport involves a disproportionate addition to the first cost of the manufactured product, it is requested that the freight charges should be raised only for a maximum of 1000 miles.

Q: 5. (i) Terminal charges should not be levied for wagon-load movements, as loading and unloading are done by the consignor and consignee.

(ii) The Short distance charge for haulage of less than 75 miles should not be levied in the case of wagon-load consignments of industrial raw materials such as salt and limestone.

(iii) Transhipment charge for break of gauge can continue as at present.

Q: 6 & 7. No Comments.

Q: 8. We advocate abolition uniformly in all railways of empty haulage. There should be no discrimination as between users of railways in the various zones.

Q: 9. No. The grouping of commodities under various classes should be based principally on the intrinsic nature of the commodities. Merely because a commodity is considered hazardous it should not be treated differently so long as it conforms to the packing specification of the railways. The present grouping in respect of chemicals is very unscientific as the value in relation to weight has not received special consideration in fixing the class. For example caustic soda and caustic soda liquor are intrinsically identical but caustic soda falls under class 4 R. R. and has a scale of charge W/LB for wagon loads while caustic soda liquor falls under class 4 R. R. and class 3 O. R. and is *not* eligible for the wagon load scale. An "alkalis" grouping with caustic soda, caustic soda liquor, soda liquor, soda ash etc. should be introduced with identical smalls and wagon loads tariff. A similar grouping should be introduced for "acids" with sulphuric acid (now under class 14 R. R. and class 12 O. R.) hydrochloric acid (now under class 15 R. R. and no owners' risk class) etc. as sulphuric acid and hydrochloric acid can both be applied for the same purpose. Under the classification which obtains in the British Railways a large range of chemicals falls under the same class.

Q: 10. A re-classification of commodities is necessary having regard to the prices, volume and transportation characteristics. For example in the case of hydrochloric acid and liquid chlorine which are low price commodities and whose gross weight including containers in relation to net weight is nearly double, special consideration should be given to giving them low classification. Hydrochloric acid is now in class 15 R. R. and has no O. R. rate, and Liquid chlorine in class 14 R. R., class 13 O. R. The present classes are enough.

Q: 11. We consider that the difference in rate between smalls and wagon loads should at least be 33-1/3%. We would refer here to the slab system which obtains in another largely state-owned essential commodity *viz.* electricity, which is cheaper at the larger levels of off-take.

Q: 12 to 15. No comments.

Q: 16 (i) We agree that better utilisation of transportation capacity is essential. This depends on the nature of material carried and is best arrived at in regard to each commodity in consultation with the interests involved.

(ii) Not in favour as we consider that lower W/L rates should be quoted in a number of cases in which only class rates now exist.

(iii) This suggestion is worthwhile adopting. As wagon loads are less liable to loss or damage in transit, merchants themselves prefer to send wagon loads whenever practicable.

Q: 17. It is worthwhile introducing train load rates and giving a concession of 25% on wagon load rates. This should be made available only for bonafide point to point movements.

Q: 18. If by special express goods service is meant *guaranteed* quicker movement than the present goods services it may be permissible for the railway to levy an additional charge upto 10%.

Q: 21. (a) Except in the case of industrial raw materials, railways should not carry short distance traffic upto 50 miles.

(b) Yes: except for industrial raw materials in wagon loads.

(c) Yes: except for industrial raw materials in wagon loads.

Q: 22. Road transport is cheaper for commodities in classes 13 to 15.

Q: 23. We are not in favour of formation of freight pools but would stress that long distance bulk traffic would receive special concessions.

Q: 24 & 25. No comments.

Q: 26. In view of the intensive programme of industrialisation in the Second Plan the freight structure should be reorganised in favour of industries so that industrial development can be encouraged and the railways will also benefit by the increased turn over.

Q: 27. No comments.

Q: 28. Applications for the grant of concessions for movement of caustic lye in tank wagons upto 500 miles and liquid chlorine in wagon loads have not been complied with. No specific reasons given by the railways. An application for restoration of a station-to-station rate for salt from Adirampatnam to Mettur Dam which had been in existence from 20-5-1941 to 1-8-1952 with a short break was turned down by the railways but was granted by the Railway Rates Tribunal.

Q: 29. (i) While the principle of telescopic rates is in order, the increase in freight has adversely affected industrial development. So also the abolition of Station-to-Station rates.

(ii) Same answer as (i).

(iii) Unfavourable to our industry. The grant of station-to-station rates and reduction in the telescopic rates.



Q: 30. To facilitate industrial development and export trade, the suggestion to introduce special station-to-station rates from manufacturing centres to ports and to consuming centres for regular wagon load movements should be given effect to, the only safeguards necessary being that movements should be steady and in wagon loads.

Q: 31. While it is essential for the railways covering all their costs so far as the needs of railway finance are concerned, the broad policy of the railway should be to encourage industrial development with a view to assist National Economy in various directions. Therefore without prejudice to their covering expenditure and a reasonable reserve, the policy should be to adjust the freight rate policy to assist industrial development.

Q: 32. Yes. This would be in line with the avowed policy of the Indian Government to industrialise the Country. The Tariff Commission's recommendations, among others, may be taken for guidance.

Q: 33. No. We do not advocate any distinction between new and old industries, or discrimination in favour of under-developed areas.

Q: 34. No Comment.

Q: 35. We advocate a freight policy which will give reduction and concession in freight for raw materials and finished products to facilitate economic and industrial development of the country. This will also in the long run help to meet increase in maintenance and operation cost of the railways by increased revenues.

Q: 36 to 43. No Comment.

Q: 44. Prices are quoted according to circumstances.

(a) (i) *Caustic Soda (liquor)*

Destination	Price f.o.r. destination per cwt.	freight per cwt.
Madras (W/L)	Rs. 33-4-0 per cwt. of equivalent solid	Rs. 5-8-10 per cwt. of equivalent solid

(ii) *Caustic Soda (solid)*

Bombay (W/L)	Rs. 35-0-0	Rs. 2-0-6
Chandni (W/L)	Rs. 34-0-0	Rs. 2-3-9
Pudur (W/L)	Rs. 34-8-0	Rs. 0-9-8

(iii) *Bleaching Powder*

Calcutta (W/L)	Rs. 37-12-0	Rs. 4-15-6
----------------	-------------	------------

(iv) *Liquid Chlorine*

Bombay (W/L)	Rs. 29-12-0	Rs. 15-12-0
Chandni (W/L)	Rs. 26-4-0	Rs. 16-5-4

(b) (i) *Caustic Soda (solid)*

Type	Average distance	Proportion of freight to selling price
Wagon Load	1,000 miles	7%
Smalls	207 miles	3½%

(ii) *Bleaching Powder*

Smalls	350 miles	4½%
--------	-----------	-----

(iii) *Liquid Chlorine*

Wagon Load	810 miles	90%
Smalls	350 miles	18.6%

(c) No.

(d) The proportion between freight and selling price on f. o. r. forwarding station basis are furnished below:

(i) *Caustic Soda (solid)*

Year	Type	Average distance	Proportion of freight to selling price
1938-39	W/L	1,000 miles	3.25%
	Smalls	207 miles	1.80%
1947-48	W/L	1,000 miles	3.70%
	Smalls	207 miles	2.02%
1948-49	W/L	1,000 miles	7.00%
	Smalls	207 miles	2.90%

(ii) *Bleaching Powder*

1938-39	Smalls	350 miles	2.95%
1947-48	Smalls	350 miles	3.31%
1948-49	Smalls	350 miles	4.00%

(iii) *Liquid Chlorine*

1938-39	W/L	810 miles	72.00%
	Smalls	350 miles	14.00%
1947-48	W/L	810 miles	81.00%
	Smalls	350 miles	15.00%
1948-49	W/L	810 miles	90.00%
	Smalls	350 miles	17.00%

As the f. o. r. destination prices only included the actual freight charges over the f. o. r. forwarding station prices, the proportions in this case are not furnished.

Q: 45 to 47. No Comment.

Q: 48. The installed capacity of our own factory is to be increased from 13 to 20 tons per day for Caustic Soda.

It is most likely that an Aluminium Industry from raw material Bauxite and a 50 ton paper plant will be set up in the private sector in Salem District.

Q: 49. The volume of traffic in our own industry will be doubled while lengths will remain the same. We have no information regarding the other industries.

Q: 50. In the case of our own proposed expansion the quantum of new traffic will be thus for raw materials and finished products:

Year	Volume (annual)	Average distance
1956	3,570 tons	250 miles
1957	5,940 tons	300 miles
1958	9,975 tons	350 miles

We have no information regarding others.

Q: 51 to 53. No information.

Q: 54. We would request the committee to favourably consider the basic principles already indicated in the answers given above and in the forward to these answers.

Q: 55 (i). It is understood that a part of the Salem-Mettur Dam Railway was constructed on the basis of revenue guarantee by the Madras Government in order to help to build the Mettur Dam Irrigation and Hydro-Electric project. The railway line has now become very remunerative, thanks to the development of the Textile and Chemical industry in Mettur Dam, and surplus revenue is stated to be accruing to the Madras Government as a result. However the Madras Government's prior approval has to be taken by the Railway before incurring any capital or special expenditure and the Madras Government is stated to be consistently turning down suggestions even for essential improvements to this section of the railway such as increasing the number of goods and passenger services, provision of amenities such as electric lighting, waiting room etc. to the Mettur Dam railway station and provision of a larger goods-shed at Mettur Dam railway station. This position is extremely anomalous considering the growth of railway traffic and necessity for providing essential amenities and services referred to above. It is requested that suitable relief may be afforded.

(ii) The siding charges have been increased disproportionately to the operation costs. Wherever the siding is put up at the cost of the user and maintenance charges also borne by him, the siding charges should cover only operating cost.

(iii) The packing condition for salt N.O.C. P/6 says "Must be securely packed in strong gunny, not patched or otherwise repaired, securely stitched." Bulk movement of salt loaded loose in wagons without packing should be permitted as packing is not necessary for such movements and tends to increase the cost of a basically cheap raw material like salt. In the industrially advanced countries such bulk movement is allowed for full wagon loads.

(iv) Wagon load rates and station to station rates should be introduced for the following commodities moving in bulk:

1. *Caustic Soda liquor*: Caustic Soda (Solid) is eligible for Wagon Load Rate WL/B, this being a survival from the days of the old Company managed railways. But Caustic Soda Liquor, which is intrinsically the same material, is not eligible for a Wagon Load rate. Caustic Soda Liquor did not move in wagon loads in the old days as there were no Caustic Soda factories in those days in India and only imported solid caustic soda used to move in bulk. There are now a number of Indian Caustic Soda factories which move Caustic Soda Liquor in tank wagons and there is therefore urgent need to treat it on the same basis as Caustic Soda (solid) as Caustic Soda (solid) and Caustic Soda Liquor are intrinsically the same. Caustic Liquor is cheaper than Caustic Soda (solid) and is an industrial raw material used in Soap, Paper, Textiles etc.

2. *Liquid Chlorine*: Bulk movement of liquid chlorine in wagon loads should be eligible for wagon load and station to station

rates. This is another material which is produced in the country only since World War II and which did not move in wagon loads in the old days but is so moving now. An additional consideration how this qualifies for a concession is that it is transported in specially designed heavy containers. The tare, net and gross weights of chlorine containers are thus:

Type	Tare lb.	Net lb.	Gross lb.
Cylinder ...	69	68	137
do ...	70	75	145
do ...	122	150	272
Ton container	1500	2000	3500

The tare weight of the container is nearly the same as the net weight of the contents. Therefore the gross weight for railway freight purposes is double the net weight and as liquid chlorine is in as high a class as 14 R.R. and 13 O.R. it has to pay a very high rate per unit of liquid chlorine. It is an industrial raw material finding use in paper mills and for sanitation, and public health purposes such as chlorination of drinking water. As liquid chlorine of indigenous manufacture has entirely replaced bleaching powder for bulk applications, liquid chlorine, like bleaching powder, should also be placed in Class 4 R.R. and Class 3 O.R. Liquid chlorine is also a low priced commodity when sold in bulk. As lorry movement by road is cheaper, it is moving by road in large quantities.

(v) Similarly hydrochloric acid also pays a high freight rate-Class 15-and the tare weight of 2 jars and one case is 56 lbs. which is the same as the net weight of the contents viz 56 lbs. of hydrochloric Acid. This is also moving by lorry by road in larger quantities as road movement is cheaper than rail. Acid sulphuric, which can be replaced with hydrochloric Acid, is now in Class 14 R.R. and Class 12 O.R. As nearly double the quantity of hydrochloric acid has to be used as sulphuric acid, the freight rate for hydrochloric Acid should be only half of that of sulphuric acid.

(vi) Staple bleaching powder is an important commodity which is just now produced in India by us for the first time. It is sent out all over the country and finds application mainly for essential purposes such as for handloom yarn and cloth bleaching, sanitation, public health, water purification etc. It is in Class 4 R.R. and Class 3 O.R. in the same way as caustic soda but while caustic soda has a Wagon Load Rate WL/B there is no wagon load rate for Bleaching powder. Wagon load rate WL/B may kindly be made available for bleaching powder also.

(vii) The railways may kindly provide at their own cost, like other wagons, tank wagons for movement of liquid chlorine in bulk. They have stated that ownership of the liquid chlorine tank wagons should vest in the manufacturers and this will cause hardship.

(viii) Tank wagons for movement of sulphuric acid, hydrochloric acid etc. in bulk should be made available to the manufacturers in sufficient number to enable regular movement.

## PRODUCTION STATISTICS

Year	Sulphuric Acid (tons)	Caustic Soda (tons)	Soda Ash (tons)	Liquid Chlorine (tons)	Bleaching Powder (tons)	Bichromates (tons)	Super Phosphates (tons)	Ammonium Sulphate (tons)
1946	60,000	2,904	12,000	1,500	2,004	2,076	4,500	22,464
1947	60,000	3,312	13,620	1,704	2,556	2,304	5,004	21,276
1948	80,004	4,380	29,148	1,800	2,832	2,940	21,360	35,208
1949	99,456	6,300	17,016	2,652	2,472	1,716	46,728	45,936
1950	1,02,480	10,848	43,788	3,972	3,312	1,980	52,428	47,304
1951	1,06,932	14,724	47,532	5,268	3,588	3,276	61,020	52,604
1952	96,084	17,064	44,328	6,240	792	1,464	46,656	2,20,308
1953	1,08,092	22,908	56,808	8,136	1,944	2,508	48,300	3,19,620
1954	1,48,812	29,148	48,288	9,780	2,928	3,240	1,04,688	3,40,224
1955 Jan. — Aug.	1,04,007	22,759	49,217	6,973	1,810	1,902	49,178	2,62,230

## SMALLS — Owner's Risk, if available — Otherwise Railway Risk.

Chemical	Pre 1948 basic			From 1—10—48			From 1—4—55		
	100 miles as.	200 miles as.	300 miles as.	100 miles as.	200 miles as.	300 miles as.	100 miles as.	200 miles as.	300 miles as.
<b>1. Caustic Soda</b>									
Pre 1948 - class RR 2A/OR 2	3.5	7.0	10.5	—	—	—	—	—	—
From 1—10—48 - class RR4/OR	—	—	—	5.25	10.5	15.75	5.78	11.55	17.33
<b>2. Bleaching Powder</b>									
Pre 1948 - class RR 2A/OR 2	3.5	7.0	10.5	—	—	—	—	—	—
From 1—10—48 - class RR4/OR 3	—	—	—	4.83	9.67	14.5	5.31	10.63	15.94
<b>3. Liquid Chlorine</b>									
Pre 1948 - class RR8/OR 6A	7.42	14.83	22.25	—	—	—	—	—	—
From 1—10—48 - class RR14/OR 13	—	—	—	9.83	19.67	29.5	10.81	21.63	32.44
<b>4. Hydrochloric Acid</b>									
Pre 1948 - class RR10/OR 9	10.42	20.83	31.25	—	—	—	—	—	—
From 1—10—48 - class RR 15/OR	—	—	—	17.58	35.17	52.75	19.34	38.68	58.02

## PART I-B

## ANNEXURE V

Q:1. To produce 1 ton of caustic soda we use:

2 tons of raw salt, and  
2.25 tons of coal.

To produce 1 ton of bleaching powder we use:

1.4 tons of limestone, and

0.45 ton of coal.

(We use both furnace oil and coal, and have therefore furnished the equivalent coal figure)

Q:2. Our factory went into production only in 1941. Our production of the principal finished goods was thus:

	1947-48 tons	1952-53 tons	1953-54 tons	1954-55 tons
Caustic Soda (including caustic soda liquor)	... 1,055	2,035	3,067	3,791
Bleaching Powder	... 1,735	683	1,891	2,217
Liquid Chlorine	... 110	1,052	1,268	1,364
Hydrochloric Acid	... 114	399	240	281

Q:3. The effect of revision of the freight structure in 1948 on our Industry was the increase in freight rates and the withdrawal of freight concessions which the Industry had been enjoying ever since its inception in 1941 for the movement of its principal raw

materials, which moved in wagon loads between fixed points and were therefore considered to be eligible for grant of station-to-station rates prior to 1948. We furnish the details below:

Product	Period	Rate per maund
		Re.
1. SALT from Adirampatnam to Mettur Dam. (254 miles)	20—5—1941 to 31—3—1947	... 0-3-6 plus 12½% surcharge.
	1—4—1947 to 15—1—1948	... 0-4-2 ..
	16—1—1948 to 30—9—1948	... 0-5-4 ..
	1—10—1948 to 30—4—1949	... Freight concession withdrawn and wagon-load rate WL/I (0-10-5) charged.
	1—5—1949 to 30—9—1950	... Concession restored but at 0-6-3
	1—10—1950 to 31—7—1952	... 0-6-8
	1—8—1952 to 30—11—1954	... Concession withdrawn and wagon load rate WL/I (0-10-5) charged.
	From 1—12—1954	... As. 8 granted by the Railway Rates Tribunal on an application by us.
2. LIMESTONE from San-karidrug to Mettur Dam (49 miles)	20—5—1951 to 31—3—1947	... 0-1-4 plus 12½% surcharge
	1—4—1947 to 30—6—1948	... 0-1-7 ..
	1—7—1948 to 30—9—1948	... Concession withdrawn and schedule rate C/N (0-2-10) charged.
	From 1—10—1948	... Wagon load rate WL/C (0-2-11) charged.
3. FURNACE OIL from Ernakulam to Mettur Dam (243 miles)	20—5—1941 to 31—3—1947	... 0-6-5 plus 12½% surcharge
	1—4—1947 to 30—9—1948	... 0-8-0 ..
	1—10—1948 to 31—5—1955	... 0-9-0
	From 1—6—1955	... 0-9-10



Limestone is now moving entirely by road by lorries.

In respect of finished products, road haulage by lorries has been found to be cheaper in the case of liquid chlorine (class 14 R.R. 18 O.R.) and hydrochloric acid (class 15 R.R.) and the bulk of the movement of these commodities is now by road over distances upto about 800 miles. Even in the case of other commodities like

caustic soda (class 4 R.R., WL/B) and bleaching powder (class 4 R.R. 3 O. R.) owing to the speed of road transport and the advantage of door-delivery traffic in lorry loads by road is increasing. All these commodities are moved by rail largely only over long distances.

Q: 4. The information furnished below is based on a typical month's receipts and despatches:—

#### Raw Materials

		Average	Longest	Shortest
Salt	...	254 M (fixed)	—	—
Furnace Oil	...	243 M (fixed)	—	—
Coal	...	760 M	1077 M	567 M

#### Finished products

Caustic Soda	...	681 M	1290 M	28 M
Caustic Soda (liquor)	...	233 M (fixed)	—	—
Bleaching Powder	...	796 M	1750 M	25 M
Liquid Chlorine	...	821 M	1713 M	115 M
Hydrochloric Acid	...	182 M	275 M	124 M

Q: 5. Yes: except for limestone, all of which is received by road in lorries.

Q: 6. No. The proportions are thus over a typical month:—

	Rail	Road
Caustic Soda (Solid)	... 404 T	14 T
Caustic Soda (Liquor)	... 19.3 T	37 T
Bleaching Powder	... 63.85 T	106.5 T
Liquid Chlorine	... 140.55 T	20.2 T
Hydrochloric Acid	... 1.65 T	12.65 T

	Cost per ton Rs. a. p.	Rly. frt. per ton Rs. a. p.
...	...	...
Salt	14 3 0	13 10 0
Limestone	9 0 0	5 4 0
Furnace Oil	117 0 0	16 11 9 (without empty haulage)

Q: 7. (a) 1954-55

...	...	...
Salt	...	...
Limestone	...	...
Furnace Oil	...	...
1947-48	...	...
Salt	12 5 6	10 5 3
Limestone	8 8 0	3 1 3
Furnace Oil	90 0 0	15 6 0 (without empty haulage)

Our factory came into production only in 1941.

#### (b) (i) At manufacturing point

	1954-55 price/cwt.	1947-48 price/cwt.
	Rs. a. p.	Rs. a. p.
Caustic Soda (Solid)	... 33 0 0	35 0 0
Caustic Soda (Liquor)	... 29 0 0	—
Bleaching Powder	... 30 0 0	21 0 0
Liquid Chlorine	... 19 4 0	56 0 0
Hydrochloric Acid	... 10 0 0	20 0 0

## (ii) At important consuming centres

	1954—55 price/cwt.	1947—48 price/cwt.
	Rs. a. p.	
Caustic Soda (Solid)		
f. o. r. Bombay (B. P. Stores Depot) ...	35 0 0	—
f. o. r. Neapanagar ...	34 0 0	—
Caustic Soda (Liquor)		
f. o. r. Madras (Mill Siding) ...	33 4 0	—
	(per cwt. of equivalent solid)	
Bleaching Powder		
f. o. r. Calcutta (Shalimar) ...	31 0 0	—
Liquid Chlorine		
f. o. r. Bombay ...	29 12 0	—
f. o. r. Neapanagar ...	26 4 0	—

Q: 8. The figures below cover a month's despatches and may be taken as typical of an average month:

Miles	Caustic Soda (Solid) Tons	Caustic (Soda) (liquor) Tons	Bleaching Powder Tons	Liquid Chlorine Tons	Hydrochloric Acid Tons
(i) 1 to 50 ...	0.85	—	0.05	—	—
(ii) 51 to 100 ...	3.55	—	0.15	—	—
(iii) 101 to 200 ...	26.30	—	7.05	3.70	1.25
(iv) 201 to 300 ...	8.35	19.3	18.20	3.80	0.35
(v) 301 to 400 ...	103.15	—	2.35	0.05	—
(vi) 401 to 500 ...	1.20	—	0.10	0.45	—
(vii) 501 to 600 ...	—	—	—	1.45	—
(viii) 601 to 700 ...	0.10	—	1.70	1.55	—
(ix) 701 to 800 ...	94.10	—	—	34.20	—
(x) 801 to 900 ...	121.75	—	1.60	74.30	—
(xi) 901 to 1000 ...	—	—	—	—	—
(xii) 1001 to 1200 ...	44.65	—	5.30	20.40	—
(xiii) 1201 to 1500 ...	—	—	21.75	—	—
(xiv) beyond 1500 ...	—	—	5.60	0.65	—

Q: 9 (a) Of our products referred to above, the following are liquids:

- Caustic Soda Liquor.
- Liquid Chlorine.
- Hydrochloric Acid.

(i) Caustic Soda liquor moves in ordinary steel tank wagons (similar to those used for vegetable and mineral oils) by rail and in tank lorries by road. It does not move by ordinary covered wagons in containers. Sufficient tank wagons are not available for the traffic and may be provided.

(ii) Liquid Chlorine moves only in covered wagons in ton containers and cylinders. It will be far more economical to move liquid chlorine in tank wagons as the following information will show:

	Tare lb.	Net lb.	Gross lb.
Ton container ...	1,500	2,000	3,500
Cylinder ...	122	150	272
Do. ...	70	75	145
Do. ...	69	68	137
Tank wagon ...	—	29,568	—

The use of tank wagons for transport of liquid chlorine would therefore be definitely advantageous all round. It would however take time to convince customers to utilise tank wagon loads of liquid chlorine, as they would have to instal tanks of their own for receiving supplies. The Railways require that ownership of tank wagons for liquid chlorine should vest in the manufacturers. As this traffic could be developed only slowly in the initial stages, and no development at all is possible unless at least a few tank wagons are readily available, it is requested that the Railways should own these tank wagons also and make them available like other wagons to the users.

(iii) Hydrochloric acid now moves only in containers by ordinary covered wagons. The weights involved are thus:

	Tare lb.	Net lb.	Gross lb.
Two stoneware jars of 2½ gallon capacity each and one wooden case with dunnage...	56	56	112

The use of special rubber-lined tank wagons would be advantageous.

(b) Nil.

(c) Does not arise.

(d) The present rates (shown below) are very high and require to be reduced as they are industrial raw materials. Also, in the case of caustic soda liquor 50% is water, only the balance 50% being caustic soda, and while caustic soda (soild) has a wagon load rate WL/B, caustic soad liquor in wagon loads has no such rate. In the

case of liquid chlorine and hydrochloric acid, the tare weight of the containers is very high and this fact requires special consideration, as freight for filled containers is paid on gross weight, and in addition return freight has to be paid on empties.

	R.R.	O.R.
Caustic Soda liquor	... 4	3
Liquid Chlorine	... 14	13'
Hydrochloric Acid	... 15	—

## Tax Payers' Association,

Virudhunagar.

### PART I A

We give the following suggestions for modifying freight structure of railway in way of answering your questionnaire. we shall answer your questions on subjects with which we are connected.

Q: 1 (b) The principle of telescopic rates on the continuous mileage over different railways may be continued.

Q: 3. (i) The 4th class under class rate and WL/H under wagon load scale which includes all kinds of oilseeds must be merged with 1st class under class rate and WL/D under wagon load scale along with other foodstuffs namely pulses, grams and food-grains. The high rate of freight for oilseeds increases the cost of oils, the main fatty food of poor people who lack it much. Further as the prices of various oilseeds has come down much from the war period rates, it is the present high rate of reight that affects very much the industry and growers alike. The above suggestion will not affect much financially because more short distance traffics will take to railways from lorry services.

Q: 4. The maximum rate fixed for 2 of the wagon load scales must be extended for the wagon load scale WL/H also along with WL/D (ie Rs. 1-13-0 per maund) for the reasons stated above for Q: 3.

Q: 5 (i). The levy of terminal is superfluous and the railway does practically nothing for charge.

Further the levy of surcharge for a smalls' consignment below 20 maunds must be abolished in way of helping small merchants.

Q: 13. (a) The present uniform rate of minimum charges at Re. 1/- must be reduced to eight annas both for goods and parcels.

(b) It need not vary with the class of commodities.

Q: 14. The railway is meant for public convenience. So consignments of similar weight may be transported both by parcel and goods services as at present. We believe it is in no way wasteful operation.

The minimum weight for smalls consignment carried by goods may be retained as 7 seers.

Q: 16. (i) No revising of "W" conditions in the upward direction is welcome. It is as if discouraging trade. Further it will bring misunderstanding and disputes between merchants and thus hinder quick delivery of consignments.

(ii). This suggestion is not welcome.

(iii). This suggestion will greatly encourage trade for utilising the full capacity of the wagon supplied. All industry, trade and railway will benefit.

Q: 21. Formerly railway adminstered by foreign companies served well the trade and industry with competitive rates. Though different companies run railway all over India, quick supply of wagons and quick movements of wagons were possible.

We believe the heavy congestion at present in railway movement is not due to heavy transportation. We believe it is due to inefficiency of Government administration of railway for the following reasons. Wagons are not allotted even for six months since demanded. Wagons that travel a distance in fifteen days, now-a-days arrive the destination even after two months. The turn-round of the wagons is very slow. Empty wagons are moved from district to district or region to region when there is load for transport between the particular districts or regions. For example empty wagons are removed from as far away stations as Virudhunagar to Madras, Arkonam etc. places. So the short distance traffic will not be unremunerative if administered well.

Further trade and industry will flourish only if situated in a place where there is two or more transportation facilities, i. e. railway roadway and seaway. So the implementation of the suggestions (a) (b) or (c) that discourage "short distance" traffic, is not at all welcome.

Q: 23. Hand made matches of the South have to travel long distance all over India to find their market. As the price of matches

is lower, the Railway freight stands in the way of marketing. So, the matches must be included in the freight pool.

Q: 33. If the freight for new industries is reduced, it will affect seriously the already established industry of the same trade.

Q: 34. Generally it is the political influence of certain parts of India, which makes to take up first construction of uneconomic railway lines. So railway must first take up remunerative lines such as Manamadurai—Virudhunagar line.

In case of unremunerative lines, charges may be recovered on basis of inflated mileage for a limited period.

Q: 47. There is already co-operative credit system and other facilities extended by central and State Government to agriculturists. So, if any adjustment in freight rates be made in favour of agriculturists, it will seriously affect merchant community.

If any concession given to small agriculturists it will bring lot of confusion. Merchants

will have to enjoy it in the name of agriculturists.

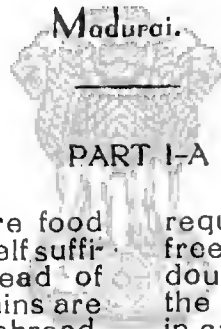
Q: 55. At present railway issue one R/R for every ten maunds even if we give as much as 100 maunds in 'small' rate. Apart from multiplication of work and wasting of receipt forms, the trade has to suffer from high charges due to surcharges levied for each R/R.

As in old days even if goods are booked via long route, the rate must be charged for shortest route. Then only railway will have the interest to clear traffic in the shortest route.

Merchants must be given due honour by the railway as any other establishment is honouring its customers. They may be given free platform pass.

Diversion of wagon must be allowed when applied for. It will help movement of goods to places where there is shortage and hence higher demand. Thus there will be fair distribution of goods. Both merchants and public benefit.

## The Tamilnad Foodgrains Merchants' Association Limited,



Q: 1. As a result of the 'Grow more food campaign,' the country has attained self sufficiency in foodgrains at present. Instead of importing from foreign countries grains are now permitted to be exported abroad. Prices of grains and sugar have come down. A clear case exists for the reduction of freight in so far as foodgrains, pulses, flour and sugar are concerned.

The adoption of the principle of telescopic rates of freight from 1948 has been a boon to the trade. It has not affected adversely the trade in foodgrains.

Q: 4. Ceiling rates of freight have been fixed for grains and pulses and manures in wagon loads, at the prevailing rate for 1500 miles. The maximum may be fixed at the freight for 1000 miles so that no additional freight can be collected for distances beyond that as the distance now fixed namely 1500 miles is too long.

Q: 9. When the minimum weight for a wagon load is to be reckoned, the commodities included in a certain group are to be taken as a whole. Recently the rule has been changed without any justification, requiring that the minimum weight is to be made up of the particular commodity in the group. Being in the same group the minimum weight condition should be taken as satisfied, provided the commodities in the group are loaded into the wagon.

Groundnuts without shells, mustard and gingelly seeds can be retained in the grains and pulses group. No ground exists for separating them from the grains and pulses group of commodities. Special condition 29

requires the transport of dunnage material free of cost in oil seeds wagon and no doubt it contributes to the safe transport of the goods. Claim is sought to be refused in cases of shortage on the ground of non-observance of the special condition. Groundnuts, mustard seeds etc. may be brought back into the grains group.

Q: 11. The smalls rate of freight is very high when compared to the wagon load rate prevailing at present. The disproportionate difference should be minimised. The revenue will not come down if an addition of 25% wagon rate is made to the wagon rate to arrive at the smalls rate. This will facilitate transport of smalls consignments.

Q: 28. Tamilnad has always been deficient in sugar and looked up to the factories in the North Indian States to meet the needs. With a view to facilitate the transport of wagon loads of sugar to Tuticorin and Madurai, special station-to-station rates were introduced from 15th September '47 and from 15th September, 1948. (South Indian Railway special foreign Rate Circular 5B of 1948 dated 15-5-1948 and Foreign Rate Circular 12 of 1948 dated 1st December, 1948). As a result numerous consignments used to be transported from North Indian stations to Madurai and Tuticorin. Subsequently the special rates were withdrawn for no reason what-so-ever. The association has pointed out the heavy traffic involved and represented to the authorities on many occasions for the re-introduction of the station-to-station rates for benefit of the trade as also the public. The withdrawal of the rates from 1-10-48 has

not been modified. The familiar ground seems to be that the provision of special rates will lead to the raising of the plea by the local mills that it would amount to discrimination under the Constitution of India. The pleas are not valid. It is not that special rates are not provided for any commodity after the commencement of the Constitution. If there is deficiency in the commodity and supplies as before are available from North Indian factories there can be no impediment to the regulation of the movement of sugar from North India to stations on the Southern Railway by reintroduction of the station-to-station rates. This will contribute to the distribution of the North Indian sugar at reasonable rates in South India. The refusal to introduce special station-to-station rates for sugar cannot be justified in the circumstances.

Kottarakara on the Southern Railway in Travancore-Cochin Union State is the chief exporting centre for local arecanuts. Traffic to Madura and Virudhunagar-leading markets for the nuts in South India will be large and it warrants the introduction of concessional rates of freight from Kottarakara to Madurai as also Virudhunagar.

Q: 55. Maximum rate is applicable at present to grains and pulses. But flour has to bear a disproportionately heavy rate when transport is made of the same from North Indian production centres to Tamilnad. This is anomalous. It is suggested, that maximum rate may be fixed at Rs. 2 per imperial maund, so far as flour is concerned. Sugar also deserves a ceiling rate of freight at Rs. 3/- per maund.

## PART II.

Q: 1. The sender of goods does not seem to make any difference between despatch at railway risk and at owner's risk. It is to be remembered that he does not suffer by reason of the shortage or damage to goods during transport. The freight is borne by the purchaser. The sender makes it clear at the time of entering into the contract of sale, that he has undertaken the duty to deliver goods at the despatching station alone. Having confirmed the sale, the sender is eager to despatch the goods anyhow and does not mind booking the goods either at owner's risk or at railway risk and on sending the rail receipt through bank, the purchaser, has to pay the full cost of article before he receives the rail receipt from the bank. When there is the alternative owner's risk rate for the commodity, he tries to despatch goods at the lower rate of freight, thereby creating a favourable impression in the mind of the buyer, that his outlay on the goods is not much. The purchaser loses ultimately by reason of shortage or damage in transit.

Q: 2. Private insurance is not ordinarily resorted to, to facilitate safe transport of goods.

Q: 3. When transport is made under owner's risk, the sender does not usually cover the traffic by private insurance.

Q: 4. The number of cases involving shortage and damage has gone up and there has been increase as a result in the compensation paid by the railway to the claimants.

Q: 5. (i) Claims are not allowed in all cases arising out of pilferage or theft during transit.

(ii) It is not usual for the railway to compensate owner when there is misdespatch; on the other hand, the buyer will be compelled to receive the consignment after several months even when the goods had deteriorated in quality completely.

(iii) The Commercial Inspector's certificate is final so far as percentage of damage is concerned.

(iv) The railway does not usually compensate the party for the fall in market rate.

(v) When there is damage due to rough handling, it will be attributed to lack of care and precautions in packing or it will be stated that the damage has arisen inevitably in the usual course of careful handling of the commodity by the railway.

(vi) Leakage is usually traced by the railway to inadequate nature of precautions taken by sender while packing; damage by water will not be compensated when transport is at owner's risk.

(vii) When loss is due to other causes, no liability is admitted by the railway. (IRCA Goods Tariff. Rule 31).

Q: 6. When commodities (e. g. sugar, grains, oilseeds etc.) are transported from the harbour, claims are not paid invariably.

Imported sugar was distributed by the Government of India and the condition in the tender was to despatch the sugar to the tenderer at railway risk on clear rail receipt. Vague remarks as to the existence of book marks on bags would appear on the rail receipt. The claim would be rejected on the ground that "A" twill gunny was not used as per packing condition prescribed by the railway. The Government said that they would deliver sugar packed in "normal export packs of the exporting countries" at railway risk to the tenderer. It is relevant to point out that the bags received in fact at the harbour from foreign countries suffered shortage and it was not made good on the ground of non-fulfilment of packing condition even though the packing was excellent and it arrived in a good condition at the ports in India. If vague remarks on the rail receipt were not found, the reply repudiating claim affirmed that the wagon sealed at the harbour was not opened during transit and hence the party should accept the goods without compensation for the shortage or damage noted at the time of delivery of sugar.

Special condition S/29 requiring dunnage has been extended to oil seeds. This special condition is to avoid extraction of commodity from the bag placed near the doors of the wagon. Even when whole bags are not delivered, the claim is refused on the ground that special packing condition has not been adhered to by the sender. When shortage or damage occurs in the bag placed at the centre of the wagon, non-observance of the special condition is pleaded against the owner while repudiating claim.

Q: 7. The railway is disinclined to admit negligence or pay value to the claimant on



that score. No disadvantage exists; still the frankness to admit negligence is wanting. The claim is assessed on the report of the staff; nobody will indict himself.

Q: 8. While no change in the present practice is necessary, it is suggested that the Chief Commercial Superintendent, Southern Railway, Tiruchirapalli may be re-invested with powers to quote rates for the region as before the zonal reorganisation of the Railway.

Q: 9. The disparity between the two sets of rates should not be glaring. The railway risk rate should be a little higher than the corresponding owner's risk rate.

Q: 10. A single railway risk rate of freight will suffice for the efficient transport of the commodities; the withdrawal of the owner's risk rate will be of much help to the buyer and the public.

Q: 11. A reasonable enhancement of freight rate for excepted articles with a view to transport them at railway risk is justifiable.

Q: 12. Existence of the single railway risk freight rate is highly desirable; the sender is nowhere in the picture and when he entrusts the commodity to the railway, his part of the contract is at an end. The sender will not hesitate to relieve the carrier of a portion of the latter's liability for he is not called upon to reimburse the loss to the buyer or to arrange for the safe transport of the consignment to the owner. Hence his readiness to relieve the railway of a portion of the latter's risk is injurious to the rights of the owner in question.

Q: 14. The sender does not properly understand the scope of the forwarding note. Very often he is not conversant with English. He signs the note and does not realise the destructive nature of the remarks on the forwarding note or the rail receipt. He is not affected thereby and the purchaser is penalised. Copies of forwarding note are not readily furnished to the buyers and he is not in a position to verify if the remarks exist in fact on the forwarding note under the signature of the sender or his authorised agent. A presumption in favour of the remarks as to defective packing or selection of dearer route by sender by reason of their appearance on the rail receipt is taken advantage of by Railway. Rule 23 (2) of IRCA Goods Tariff goes a step further and declares that 'the consignment will be charged at the rate applicable by that (dearer) route, even though an endorsement to the effect, that the dearer route was selected by the sender does not appear on the invoice (R.R.) or is defective.' Directions for preparation of the forwarding note in the regional language by the sender on the authority of the buyer may lead to improvement in the posture of affairs.

Q: 15. The conditions are rigorous. Groundnuts without shells, mustard seeds and gingelly seeds can be retained in the (grains) group. No ground exists making applicable special condition S/29 to them. The non-provision of the dunnage should not penalise the buyer. The shortage does not arise out of the non-transport of dunnage material and no valid ground exists for repudiation of such claims by the railway.

Q: 16. It is highly essential that compulsory packing conditions in consonance with trade usage should be prescribed by the Railway for all commodities. The goods not conforming to the condition should be rejected. If the defect in regard to packing is allowed to be mentioned on the rail receipt, despite the sound proposition that shortage on account of the particular defect cannot be expected to be compensated by the railway the vague remarks on the rail receipt serve the purpose of the railway to deny liability totally and the purchaser is not in a position to succeed in such cases.

Q: 17. The railway should include proposals in the Second Five Year Plan for construction of warehouses at important stations in the first instance. It will confer benefit on the public and facilitate the work of the railway also.

Q: 18. The provision of law has to be amended and the railway's liability should be equated to that of the common carrier. The responsibility of the bailee is insufficient and purchasers suffer hardships. While transporting all commodities at railway risk (without provision for booking at owner's risk) the railway as a common carrier should come forward to make good the loss occasioned by shortage or damage in transit to the buyer.

Q: 19. All safety measures are to be introduced; wagons in good condition alone should be utilised to transport consignments; the watch and ward staff is to be strengthened at heavy stations and wagon chasers may be advised to accelerate movement of wagons.

Q: 20. As common carriers the railway while levying railway risk rate of freight should make good loss to buyer.

Q: 21. IRCA Goods Tariff (No. 29) Rule 15: The rail receipt is an important document recording the terms of contract to carry goods by Railways. Said to contain receipts should not be issued for countable articles. Read with Rules 40 and 41, the statement that 'no admission is conveyed by a railway receipt that the weight as shown therein, has been received, or that the description of goods as furnished by the consignor is correct cannot hold good. This sentence may be deleted from the Rule.

Rule 20: under the guise of noting defects as to packing, all sorts of remarks are made on the railway receipt. When under Rule 25, the sender loads the wagon, remarks 'L & U by owner' are made on the strength of which the railway says that it is unaware of the condition of the consignment and rejects claim even when a duty is cast on the part of the bailee to check, verify and issue the rail receipt. When there is no remark on the rail receipt, it is stated that 'delivery of the consignment has been made in the condition in which it was received by the railway from the sender' or that the 'wagon was not opened during transit'. Instead of noting the actual condition of the consignment, expressions as 'liable to damage' 'contents dropping' are made and these cause rejection of claims. A minute distinction between the words 'torn and loose and cut and retitched' is made when the former remarks alone are allowed and claims are disallowed.

Rule 31: The railway should take good care of the goods while in its custody and compensate loss as charges are levied till the actual delivery to the consignee.

Rule 33: Railway may be directed to give notice of the arrival of wagons at the destination at least at important stations to facilitate early clearance of goods from the yard.

Rules 35 and 36: The law may be directed to be amended for computing the period of limitation from the date of delivery of goods instead of from date of despatch. The owner feels the hardship when the wagon arrives months after despatch when the period of limitation has begun to run against him.

Rule 35(2): The sub-rule permits production of a certified copy of the paltial. The administration is insisting on production of the original paltial which is not returned to the claimant for months together even after numerous reminders in this behalf. Except in rare cases, certified copy of the paltial may be directed to be accepted as proof of value collected from the purchaser.

IRCA. Goods Tariff (No.29); Rule 87: Notice of auction should be given to the owner of the goods.

The Goods station masters should be re-invested with powers to settle claims when the value is not more than Rs. 50.

When Traffic pay orders and refund orders are issued to the claimants, there should be provision for acceptance of the sums without prejudice to the right to claim the balance from the railway. In such cases the party should be allowed to delete the words 'in full satisfaction' in the orders and substitute the words 'in part satisfaction' instead.

Compensation claims of value of Rs. 5 and below are not now paid to party. In fairness to the owner freight due as undercharge if below Rs. 5 should not be collected from him.

Facility should be given to the owner for obtaining copy of the forwarding note early as it is important and complementary to the R.R.

The railway should not hesitate to disclose its policy in the matter of granting compensation for shortage or damage, as also refund of overcharge. Vague reasons and answers are given in the replies. It is said that no general principles can be laid down by the railway and each case would be decided on the merits. This state of affairs should not be allowed to continue for the claimant also must know his position clearly. The princi-

ples laid down for the benefit of all would facilitate right exercise of discretion by the authorities.

Even when definite orders are passed, instead of following them great efforts are made to distinguish the particular ruling and rejection of the claim is the result. The position should be made clear by railway.

### PART III.

Q: 1. The Railway Rates Tribunal may be clothed with powers to initiate discussions relating to freight rates.

Q: 2. Only on approval of the Railway Rates Tribunal should the Government be permitted to enhance rates on all goods in a particular group with a view to augment revenue.

Q: 3. Prior permission of the Railway Rates Tribunal should be obtained and no change is necessary.

Q: 7. The claims officer is reluctant to review his decision on new grounds submitted by the party. No appeal lies against his decision and he is sure that the procedure of seeking redress in courts of law for petty sums will involve much trouble and cost. If representations are made urging new grounds to the General Manager or the Chief Commercial Superintendent the paper is simply forwarded to the claims officer who says that he has nothing to add to his order of repudiation already passed by him. Conferment of appellate powers to revise orders passed by the claims officer, on the Chief Commercial Superintendent or the General Manager will be a veritable boon to the claimants saving time and much expense to the latter.

Q: 10. No change is necessary in the constitution of the Tribunal or of panel of assessors.

Q: 11. An independent body to decide claims in each zonal railway is a necessity. The railway functions both as defendant and judge while deciding compensation claims. The applicant is ignorant of the Railway's case. He has no opportunity to get the order of the department revised except in a civil court. No valid reasons are given in the order of repudiation. The applicant suffers as a result. It will be easy for the independent body to determine liability for damage or shortage in consignments.

Q: 12. Even after nationalisation of the railways by Government, the Railway Rates Tribunal is necessary. Powers may be conferred on the Tribunal to entertain appeals against orders of the Department on claims.

# The Salt Manufacturers & Merchants' Association,

Tulicorin.

## PART I-A.

### GENERAL

We wish to bring to your kind notice that our suggestions are based on mature consideration fully bearing in mind the responsibility of Railway as Carrier of merchandise from the producing to the marketing end and economy, the necessity for maintaining the financial stability of the Railway. Our recommendations are confined only to the principal commodity of export, *viz.* salt.

The fact that 'salt' comes under Essential Commodities as that of rice, grains and pulses cannot be denied or disputed. Such being the case the parity in rate structure between these commodities, *viz.*, salt charged at class II higher rate to grains charged at class I lower rate deserves consideration.

Now coming to the advantages of the existing Rate Structure:— The adoption in 1948 of the principle of telescopic rate on the continuous mileage over different railways is no doubt helpful instead of different rate over other Railways that was in existence before.

There cannot be any dispute from any quarters over the rates being universal over all Railways being a nationalised concern.

We approve the reclassification of the commodities into 16 classes from the 10 before 1948.

The introduction of Wagon Rate on minimum weight conditions is not adverse to the interest of either parties Railways on one side and merchants on the other and hence does not demand any review.

Now reverting to the side where a review of the Rate Structure warrants contemplation we submit below our view points:

1. Salt which is an essential commodity falling in line with that of grains and pulses

needs reclassification, *viz.*, from class II to class I. The wagon rate on minimum weight condition may be adjusted suitably.

2. *Station-to-Station Rate.* A flat reduced rate for specified goods between two stipulated points may be reintroduced. This will help movement of short distance traffic, by rail and serve a healthy competition to traffic diverted to road transport thus augment the revenues of the railway.

3. Introduction of a maximum rate for distances more than 1,500 miles as in the case of parcels will encourage long distance traffic. It will be seen that in some cases the entire cost of the commodity conveyed is much less than the freight charges discouraging movement to longer distances. It will increase movement by rail if the distance for the maximum rate is reduced to 1,000 miles and more.

4. *Terminal charges.* Terminal charges should be made leviable only when there is handling by railway. The present system of levying minimum terminals, *viz.* 0-0-6 on the forwarding and 0-0-6 on the destination ends needs elimination when loading and unloading are done by consignors and consignees themselves. Transhipment charges may be charged in addition to the freight on goods incurring handling due to change of gauge.

5. Siding charges should be reduced or else the traffic would go by road thus affecting the revenue of the railways.

We require warehouse facilities also in the goods yard to store salt for loading in the station and brought from factories outside the town and also from factories having no railway sidings. We are also prepared to pay a nominal rent for such storage.

# The United Planters' Association of Southern India,

Coonoor.

## PART I-A

### GENERAL

My Association represents ninety per cent. of the acreage of tea plantations and a substantial proportion of the acreage of coffee and rubber plantations in South India. A large number of our members particularly

those owning tea plantations, use the railway for transport of the estate produce to the markets within the country as well as to the ports of shipment abroad. They also use the railway for the inward movement of

estate stores, materials, fertilisers, etc. from the surrounding areas. The plantation industry thus provides a sort of 'return traffic', and not merely a 'one-way traffic' for the railway. It is suggested that this fact should be borne in mind in considering any revision of freight charges for plantation produce.

The questionnaires issued by your Committee deal with various matters, many of which do not appear to be concerned with us. My Association will, therefore, confine its reply to a few general observations on matters within the purview of your Committee and more especially those having a bearing on the use of the railway by planters in South India.

The movement of tea and other estate produce by rail is sometimes greatly hampered by shortage of wagons. There have been many instances when the shortage of wagons synchronised with heavy crop production on the estates, with the result that there were huge accumulations of estate produce at railway stations, and it was only after numerous and persistent representations had been made to the local railway authorities that the required wagons were made available. The long delay not only caused deterioration in the quality of the estate produce but the markets were inundated with stocks at a later date, resulting in a large drop in prices. My Association would request your Committee to give their best and earnest consideration to this problem.

Another serious inconvenience suffered

by the plantation industry—and tea in particular—is the frequent and prolonged enforcement of restrictions on bookings between railway stations. The movement of tea from the south *via* Bangalore City, for instance, has often been subject to this trouble and the buyer and seller alike have been put to immense difficulties and financial losses due to the non-arrival of stocks in time at the destinations. In our view the problem can be solved only by the provision of better tranship facilities at break-of-gauge points like Bangalore. We understand that the existing freight calculation includes a special charge of 3 pies per maund on 'smalls' and 2 pies per md. on wagon loads to cover tranship charges. It is most important especially in view of a special charge that the railways should provide efficient and up-to-date tranship facilities at break-of-gauge points and thus remove this serious obstacle.

We would invite your attention to the fact that the freight paid by the plantation owner takes no account of various other incidental expenses incurred by him in rail transport. It is well known that damage to tea chests and teas frequently occurs by water stain due to the fact that these are sometimes moved in leaky wagons. Recently, in South India, there have also been many cases of pilferage and 'running train' thefts of tea causing losses to the estates consigning the tea. It is requested that these facts should be borne in mind in fixing as reasonable rates as possible for the transport of plantation produce.

## The South Indian Plywood Manufacturers' Association, Feroke.

### PART I-A. GENERAL.

1. The Association consists of members situated in the States of Bombay, Mysore, Madras and Travancore-Cochin. It has a membership of 16 plywood units small, medium and big. The largest Plywood factory in the country namely the Western India Plywood Ltd., Baliapatam (S. India) is equipped with every modern contrivance for the manufacture of plywood and has a very high potential in its installed capacity. As regards efficiency and quality the South Indian Plywood units have achieved a name worthy of the traditions of the plywood industry. A reference to appendix (A) is invited so that the Committee may have an idea of

the extent of membership and the installed capacities of each of the different plywood units on the Association's register.

2. I submit that there is a wide disparity in freight rates from the west coast stations to Shalimar on plywood tea chests, shooks and plywood in commercial sizes. The freight on plywood tea chest panels is unreasonably high and inconsistent in comparison with that charged for plywood in commercial sizes. This glaring and unaccountable disparity is seen in bold relief in the following schedule of freights for example from Cannanore to Shalimar (Calcutta):—

Commodity	Class	Conditions	Rate per Maund
Timber NOC and Plywood sheets ...	WL/E	W/350 BRL	Rs. 1 11 4
Boxes, cases, tea chests, whether unassembled with or without fittings ...	2	RR/PB	Rs. 3 11 4

3. The considerably higher freight charged for tea chest shooks is unfair and untenable since but for the different sizes there is practically no difference between plywood tea chest panels and plywood in commer-

cial sizes. The one is no more a finished product than the other; plywood panels being only components of the finished tea chests to pack tea.

4. The plywood and tea chest industry is a protected industry and it is the policy of the Government to foster it in all possible ways. But the freight rate charged for tea chest shooks is a negation of the Government policy and even tantamount to a discrimination against the South Indian manufacturers.

5. More than eighty per cent of the tea estates in India are situated in North-Eastern India with their rail heads at Calcutta. This being the case the production of the tea estates in the South accounts for only about 20 to 25 per cent of the total annual tea crop. The production of tea chests by South Indian tea chest Industry is definitely more than that can be consumed by the tea industry in the South. Therefore, the plywood units are compelled to export more than 50 per cent of their tea chests production to Calcutta, which is the largest consuming market for tea chests. Since more than fifty per cent of this output has to be moved by rail to the North Indian Tea estates, the incidence of a higher freight materially affects the trade. This should be taken into consideration, when roughly about 350 wagons or 1 million tea chests are available for export.

6. The selling price of plywood whether it is in tea chest panel or commercial plywood is calculated on a square foot basis. A set of tea chest panels for a 19"x19"x24" tea chest would total 18 sq. ft. approximately and cost Rs. 6/- f.o.r. despatching station. This comes to five annas and four pies per sq. ft. The freight on tea chests at Rs. 3-11-4 per maund comes to 8½ annas per set to Calcutta i.e. the price of our product would be Rs. 6-8-6 i.e. about 10% more than the price quoted by the Calcutta manufacturers who have not to pay any railway freight. Their product is delivered directly from their factories to the Agency Houses in that city. Quoting lower rates for the sake

of competition would mean loss to the South India tea chest manufacturers.

7. Targets of production are fixed by the Government for each approved factory, which has to strive to produce that allotted quota of output. The ratable capacities of production are carefully examined periodically by the Development Wing as can be observed by the installed capacity figure given in the attached appendix for the year 1954. It is clear that the installed capacity in most of the cases has been upgraded. The ratable capacity of each unit is fixed by the authorities depending on its machinery, timber consumption, the offtake of its production and other considerations. As things stand at present, the industry is not functioning fully due to several adverse factors.

8. Therefore it is respectfully pleaded that if the industry is to attain that height of efficiency and utility, it must be allowed to function on a broad basis without any obstacles whatsoever. The South Indian tea estates produce about 120 million lbs. of tea annually and for this approximately 1 million chests are required (one standard chest would contain about 120 lbs. of tea). If all the approved factories in the South utilise their full installed capacity allotted to them by the Government of India, there would necessarily be a left over of a million chests or more year by year after meeting the estimated demand of the South Indian tea packing requirements.

9. In view of the above, I submit that the freight on plywood tea chest shooks be reduced and brought into conformity with the rate charged for plywood in commercial plywood namely Rs. 1-11-4 per maund. This should give a reduction of about annas four or so in freight per chest to Shalimar, which, in short, would greatly help the South Indian Tea chest Industry to stand competition against its compeer in the Calcutta market.

#### APPENDIX 'A'

Statement showing members of the South Indian Plywood Manufacturers' Association—approved units only—with their installed capacities for the years 1951, 1952 and 1954.

Annual Installed capacity in terms of the Tea chests of standard size-19" × 19" × 24".

(figures are in thousand sets)

Name of factory	1951	1952	1954
<i>Madras State.</i>			
The Eastern Plywood Co. Ltd., Papinisseri	63.80	100.00	100.00
The Western India Plywoods Ltd., Baliapatam.	465.00	400.00	500.00
The Bharat Plywood and Timber Products Ltd., Cannanore.	76.70	75.00	150.00
The Standard Furniture Co Ltd., Kallai.	170.00	100.00	120.00
The Malabar Plywood Works Feroke.	85.50	100.00	133.00
<i>Travancore-Cochin State.</i>			
The Standard Furniture Co Ltd., Chalakudi Factory	100.00	100.0	100.00
The Venus Plywood Nemara.		(unapproved factory)	
The Sylvan Plywood Mills, Irinjalakuda (TC State).		(unapproved factory)	
The Swaraj Plywoods, Kottayam.	20.00	40.000	40.00
The Phoenix Plywood, Kottayam.	44.00	60.00	66.00



(Figures in thousand sets.)

Name of Factory.	1951	1952	1954
<b>T—C State (Contd.)</b>			
The South India Plywood Industries, Kottayam. ...	80.00	120.00	96.00
*The Travancore Timber Products, Kottayam. —	—	—	45.00
The Travancore Plywood Industries, Punalur. ...	83.00	100.00	139.00
<b>Mysore State.</b>			
The Mysore Commercial Union Ltd., Bangalore. ...	113.85	120.00	300.00
*Hunsur Plywood Works, Hunsur. —	—	—	100.00
<b>Bombay State.</b>			
The Karnataka Industrial and Plywood Co. Ltd., Dharwar. ...	120.00	80.00	100.00
The Indian Plywood Co. Ltd., Dandeli ...	100.00	80.00	100.00
Total South Indian tea chests Capacity ...	1,521.85	1,475.00	2,089.00

\* Was put in the approved list of factories in 1953.

Summary	Year	Sets
Installed capacity in terms of tea chests annually ( $19 \times 19 \times 24$ ") ...	1951	1.52 million
	1952	1.475 "
	1955	2.089 "

The Commonwealth Trust Limited,

Calicut.

## PART-II

Q: 18. (a) We are not in possession of the Indian Railways Act 1890 or of Indian Contract Act 1872 and we are therefore not in a position to pronounce any opinion in favour of the continuance or otherwise of the provisions of the Act.

(b) However, arising out of the blatant refusal of the Eastern Railway, Calcutta, to entertain any claim whatsoever on the loss of package No 703 containing Cotton Knitted Hosiery Goods despatched from our Factory at Mangalore to Calcutta Esplanade under *Railway Risk* on 2-3-1954 on the ground that this was a case of "Running Train Theft" (as advised in our HOS/TX/14071/1414-D dated 30-9-1955) we contend that the Railways should be made responsible for the safe delivery of consignments booked at Railway Risk by either passenger or goods train. In other words they should be liable for all risks such as loss, theft, (including running train theft), pilferage, damage, etc., caused by any reason whatsoever whilst the goods are in their custody and until delivered to the consignees or otherwise.

(c) Whilst on this subject we are of the opinion that such types of goods as are likely to be pilfered or damaged either in transit or from Railway premises should be booked at Railway Risk only without, if possible, increasing the tariff rates.

(d) With a view to giving a fillip to the Handloom Industry, the Railways have been for sometime now, at the instance of both the Central and State Governments, booking these goods at concessional rates i.e. at owners risk rate. We suggest that such concessional rates should be continued, but the consignments should be accepted at *Railway Risk* with full indemnity to the owners in respect of the risks mentioned in para 2(b) above.

Q: 19. (a) With a view to bringing cases of loss, theft, pilferage etc. to the minimum, if not entirely eradicating these "evils", we suggest that while consignments are in transit in closed wagons they should be locked and the keys kept in the custody of the Guards. They should be made responsible for loss, theft or pilferage etc. en route. We

would also suggest that at least two armed Policemen should be deputed for each Goods Train particularly during night journey and they should get down and patrol either side of the track when trains are not in motion between two stations to 'scare away' Running Train Dacoits".

(b) The number of Watch and Ward staff at almost all important stations should be increased and they should be armed. Strict injunction should be given to them that they should be vigilant and that disciplinary action will be taken against them for loss, theft or pilferage while packages are in the Railway Premises either in trains or in the yard.

(c) Strict instructions should be given to the Station Staff not to leave packages in the open during the rainy season or to load them in wagons with leaky roofs lest the contents should be damaged by rain water.

(d) The public should be advised from time to time to extend their co-operation in detecting cases of theft and pilferage, and the miscreants should be given the maximum punishment permitted by law.

(e) Whilst on the question of Running Train Theft, we understand from the Goods Station Master, Calicut, that the Railways have very recently introduced E.P. Lock system for full wagon loads, which, it is claimed, renders loss in transit almost impossible. We suggest that the Freight Committee kindly ascertain if this system is considered fool-proof and if so, whether it cannot be introduced to both road goods and passenger parcel trains.

Q: 21. Claims should be settled within three months from date of receipt by the Railway.

## The Malabar Produce Merchants' Association, Kozhikode.

### PART I-A

Q: 4. The existing practice should remain as at present.

Q: 5. We advocate the abolition of the empty haulage charge of empty tank wagons to the loading stations.

Q: 11. There should be difference between wagon loads and 'smalls' for all commodities irrespective of their classes.

Q: 12. The minimum charge for consignments in wagon loads should be lowered as far as such commodities which occupy more space but are light and bulky, for example, coir, fibre, coir yarn, empty barrels and empty tins.

Q: 15. Status quo should be maintained.

Q: 16. (i) The minimum weight condition for qualifying for a wagon-load rate should not be increased at any cost; on the other hand the minimum weight condition for qualifying for a wagon-load rate, for commodities which occupy more space but are very light in weight, should be reduced in proportion to the cubical carrying capacity of the wagons.

(ii) & (iii) We agree to the same.

Q: 17. We do not recommend 'train load rates'; but special train loads are welcomed for speedy movement.

Q: 18. We do not agree to the suggestion.

Q: 21. (a) We suggest that the present practice may be followed.

(b) Yes.

(c) No.

Q: 26. The cocoanuts, copra and coconut oil should be classified in class I in view of this industry being in the infant stage.

Q: 29 & 30. Such a revision has adversely affected the copra crushing industry as the new materials required for this industry is not sufficiently produced in the area. The landed cost of imported copra in our area as well as major centres like Bombay, Calcutta and Madras where there are crushing units, is almost identical. Hence, the cost price of its production to places near major cities other than our area is less, when purchased from them, as a result of which the crushing units in Malabar will be at standstill, especially during monsoon. Therefore we suggest that the special station to station rate for coconut oil and copra should be continued.

The station-to-station rate for coir yarn should be adopted from Calicut to Wadi-Bunder, so as to improve the present plight of the coir industry in Malabar.

Q: 32. Yes; Copra and Oil.

Q: 47. Such conveniences may be provided.

### PART II

Q: 1. (a) About 90% are being booked under O.R.

(b) Costly commodities like pepper, cardamoms and coffee are booked usually under Railway Risk.

Q: 10. No.

Separate Railway risk rate for wagon loads may be quoted over and above the Owner's Risk rates.

Q: 17. (a) We are not aware of planned basis. We strongly recommend that warehouse facilities for storage of goods both prior to despatch and/or after delivery should be provided.

(b) This should be operated by the railway authorities alone.

# The West Coast Industrialists' Association, Kozhikode.

## PART I-A. GENERAL

The West Coast Industrialists' Association, Kozhikode, which represents major industries of the West Coast like timber, saw-mill, plywood, etc. submit the following memorandum to the railway freight structure Enquiry Committee on the freight on plywood tea chest panels from West Coast, stations to Shalimar (Calcutta).

2. We submit that there is a wide disparity in freight rates from the West Coast stations to Shalimar on plywood tea chests, shooks, and plywood sheets. The freight on the shooks is unreasonably high when compared to the rates for sheets, as may be seen from following rates charged by the Railway :

### *From Cannanore to Shalimar*

Commodity	Class	Condition	Rate per Maund
Timber N.O.C. and Plywood sheets ...	WL/E	W/350 BRL	Rs. 1 11 4
Plywood tea chests whether unassembled with or without fittings ...	2	PR/PB	Rs. 3 11 4

### *From Kallayi (Malabar) to Howrah :*

	Wagon load			Rate per maund Smalls		
	Rs.	a.	p.	Rs.	a.	p.
Timber NOC and Plywood sheets ...	1	11	7	3	9	8
Plywood tea chest shooks ...	3	9	8	3	9	8

3. We may state that there is practically no difference between plywood tea chests shooks and plywood sheets. One is no more a finished product than the other. The former is used by the tea gardeners for packing, and the latter is used by the builders.

4. Plywood is now a protected industry and in the context of imports controlled by the Government of India, the Indian Industry is responsible for meeting the requirements of the large tea gardens in India for packing tea for export overseas.

5. More than 80% of the Tea Estate in India are located in North-Eastern India. The output of Tea-Gardens in the South accounts only for about 20 to 25% of the total annual crop in India. On the other hand the South Indian tea chest industry is definitely producing more than what can be consumed by the tea industry in South. Therefore, plywood factories are compelled to export about 50% of their tea chest production to Calcutta which is the largest consuming market. It is to be observed that one million tea chest or about 350 wagon loads are available for export to Calcutta on the North East Line.

6. The selling price of plywood whether it is in the tea chest panel or commercial plywood is calculated on a square foot basis. A set of tea chest panels for a 19" x 19" x 24" tea chest would total 18 sq. ft. approximately and cost Rs. 6/- f. o. r. despatching station. This works out to five annas four pies per sq. ft. The freight to Calcutta on Tea chests at Rs. 3-11-4 per maund comes to 8½ annas per set. The price of their product would be Rs. 6-8-6 i. e. about 9% more than the price quoted by the Calcutta manufac-

turers who have not to pay any railway freight, their product being delivered directly from their factories to the Agency Houses in the City. Quoting lower rates for the sake of competition would mean loss to the South Indian tea chest manufacturers.

7. As both manufacturers on a large scale and suppliers of tea chests for consumption in tea estates in Bengal, the experience of plywood industry has been that the divergence between rates where tea chests are being singled out for higher rates has thoroughly dislocated their normal trade channels in Calcutta. While, on the one hand, free flow of quality tea chests manufactured by well-equipped factories like those of the west coast is not possible owing to the high railway freight on tea chest shooks, Calcutta markets are dumped with poor specimens of plywood tea chests of cottage industries in Calcutta. It is possible that European tea interests may readily pounce on these poor quality tea chests and at the same time condemn all Indian-made tea chests with a view to get excuse for tea chest imports from abroad.

8. The Association earnestly requests the Railway Freight Structure Enquiry Committee to kindly give due and sympathetic consideration to all the views contained in this memorandum and see that in the interest of plywood industry in the South and in the national interest, concessional rates or at least the rates charged for plywood sheets be given on plywood tea chest shooks sent to Calcutta. This will enable the plywood industry to keep a free flow of quality tea chests to Calcutta at competitive prices, thus avoiding large accumulation of stocks and possible closing down of plywood factories.

9. This Association understands that the S. Indian plywood Manufacturers' Association, Feroke, has already submitted a Memorandum to you on railway freight on plywood tea chest shooks to Calcutta. This

Association wholeheartedly supports the views put forward by the plywood Association in the matter of reduction of freight rates on plywood tea chest panels sent to Calcutta.

## MYSORE

### The Mysore Starch Manufacturing Co.,

Mysore.

#### GENERAL

Before giving the replies to Questionnaire, Part I-A and B, we wish to bring to your kind notice some of our points, with regard to reduction of Railway freight on our tamarind seed flour.

1. This flour is used for sizing and grading in Textile Mills and Jute Mills.

2. This is also used for paste purposes in paper Mills, Match factories, Binding Works, Card Board Works, Plywood factories and Leather industries.

3. Without this no work could be turned out in sizing and grading departments of textile industry.

4. Since there are so many complaints regarding the abnormal rate in railway goods freight, there is no market to our tamarind seed flour and if this is charged by railway authorities as they charge on other cheap flours, this will thrive well and greatly feel as

an upliftment to an unencouraged and backward industry.

5. Tamarind raw and fried seeds are charged at reasonable rates.

6. There was concession in the railway freight on the tamarind seed flour during the years 1945 to 1948, and the same rate must be charged by railway now also.

7. If freight is reduced on this flour lakhs of rupees could be earned by government by way of transport.

8. In some villages hand-loom and power-loom weavers are using other stuffs for sizing instead of tamarind seed flour due to abnormal rate of transportation charges.

9. If this tamarind seed flour industry is encouraged by reducing present freight on it, there is chance for developing of some industries by utilising its by-products such as Pectin and Co-industries.

#### PART I-A.

Note: The replies are given to the questions that are concerned to our tamarind seed powder industry only and with reference to it only. Here afterwards the 'tamarind seed powder' is used in its abbreviation form (T. S. P.)

Q: 1. (a) The T. S. P. industry came into existence only after the second World War due to the scarcity of sizing materials such as rice and maize which are used for daily food stuffs. Especially in South India, where the crop of raw tamarind seeds is more, the T. S. P. industry is in its infancy and its growth and progress is hampered by the adoption of the revised general classification of goods in 1948. (Now it is classified under the head 'starch' even though it is merely a flour like any other flours.)

Q: 2. (a) The present rating arrangements are not permitting sufficient flexibility to meet the legitimate needs of industry especially textiles in regard to the movement of raw materials namely T. S. P. which is used for sizing, because the industries have to pay more than the half of the value of the material towards railway freight.

(b) We have written several times to Railway authorities to consider the matter

with regard to the modification of class rate to T. S. P. so that the freight is reduced and thereby encouragement is given to our backward industry.

Q: 4. This system of not charging for the transport of commodities beyond 1,500 miles must be continued, and may be extended to all wagon load scales.

Q: 9. There will not be any objection by anybody if the present classification of goods are grouped justly and really by taking into consideration their transportation conditions characteristics and their prices. But it is not the case. To illustrate "Jute, Methi, Tamarind, Ajuani seeds, Coriander, Soapnut seeds and etc." are grouped under one common head 'Seeds Common.' But in this case the seeds characteristics and their transport conditions are justified but not their prices. For example we shall take Tamarind seeds, Coriander and Methi. The tamarind seeds cost per bag of 2½ Ry. maunds Rs. 4/- whereas the coriander and methi of same weight cost more than Rs. 25. From this it can be clearly seen the great parity of prices among them even though their characteristics and method of transportation are the same.

Another example T. S. P. is classified as starch I.R. C. A. and comes under the

head 'starches' in which other costly flours and real starches are also included viz., Arrowroot flour, Sago flour, Gluten Starch and etc. The price of T.S.P. is Rs. 10/- per cwt whereas the Arrowroot and Sago flour costs more than Rs. 30/- per cwt. and Gluten starch costs Rs. 40 per cwt. Besides this (T. S. P.) there are other flour such as gram flour, Maida, Sooji etc, which are classified under class III and the railway freight is lesser than the T. S. P. but all their prices are more than T. S. P. at least double of this.

Q: 10. The freight for tamarind seed powder must be changed, by taking into consideration of its price with reference to other costly flours and in view of the development of the industry, its present classification under 4th Class must be changed to 1st Class or at least to 2nd Class while some costly flours are charged now under 3rd Class.

Q: 11. There should be only one relationship for all commodities while charging freight for traffic moving in 'smalls' and in wagon loads. For example the raw tamarind

seeds smalls rate is more by 25% than the wagon rate for the same commodity, while T.S.P. smalls rate is more by 4 pies per maund than the wagon loads.

Q: 16. (iii) This will be a nice suggestion as a reduction in freight rates for quantities loaded beyond minimum weights per wagon will certainly encourage business people to load to the fullest extent of the wagon actually supplied can hold, and also thereby the Railway Revenue will increase with the same cost of transportation to them.

Q: 23. The T. S. P. is an essential raw material for sizing purposes in textiles. Most of the textile mills are located in Northern India itself; but the raw materials required for T.S.P. are abundantly available only in Southern India. When T. S. P. is transported to Northern India it has to bear disproportionately high freight charges owing to its transport over long distances. For example the relation between value of the goods and its freight can be seen from the following Table (figures are given from our records):—

Place	No. of Bags	Value of the Goods Received			Freight paid.		
		Rs.	a.	p.	Rs.	a.	p.
Delhi	300 (450 Cwts.)	4654	0	0	2550	0	0
Bhiwani	300	4860	0	0	2671	14	0
Indore	300	4747	10	0	1889	14	0
Modinagar	300	4760	0	0	2444	0	0
Mau Junction	300	4762	0	0	2662	8	0
Bilimora	300	5100	0	0	1495	14	0

The above figures relate to our supplies of T.S.P. and the freight charged for it is under 4th Class.

Place	No. of Bags	Value received			Freight paid		
		Rs.	a.	p.	Rs.	a.	p.
Birlanagar	466 (of 2 Cwts.)	4200	0	0	1198	0	0
Bombay	1099	13400	0	0	3210	0	0
Ujjain	220	2012	0	0	796	0	0
Indore	200	6269	0	0	1660	0	0

The above figures relate to our supplies of Tamarind seeds Pappu and the freight charged for it is under 1st Class by Railways.

From the above two tables it is clear that the manufacturers of T.S.P. which is utilised by textile mills in Northern India have to pay towards Railway freight nearly 50% of the value of the goods (T.S.P.) they get, whereas for tamarind seed Pappu we pay only 25% of its value towards freight. Thus some people in Bombay, Kanpur and Indore take from us Tamarind Seeds pappu and grind it into powder at their places and supply to mills at lesser rates than what we quote, as they save more than 25% by way of railway freight. This is all due to different classification for Tamarind seeds and powder. This mere differentiation by Railway is enough for Northern people to cost Southern people from manufacturing T.S.P. and thereby causing hindrance for development of T.S.P. industry in South, where only the raw materials required for it is abundantly available and which part only not fully industrialised.

So if a Freight pool is created for T.S.P. it will give encouragement to the

development of its industry in south as there will be only one freight wherever the goods is transported irrespective of distance.

So it is in the interests of the industry we suggest you to form a Pool on an all India basis.

Q: 25. We advocate to work the Freight Pool a body consisting of some Railway members, some state government officials and some manufacturers of T.S.P. from both South and North parts.

Q: 28. To our letter dated 2nd September 1949, we have received a reply for our request to reduce the freight for T.S.P. from Railway Department of Mysore, on 11th Feb. 1950, stating that the Commercial Committee has classified T.S.P. under starch N.O.C. Class 4 and hence your request to revise the rates etc. cannot be complied with.

Again when our firm was invited by the Honorary Food Minister on 6th January 1951 at his residence, New Delhi, in connection



with the using of T.S.P. in all factories as a raw material for the manufacture of Sizing material with a view to make the industry dependent on raw materials of indigenous origin only, and to dispense with the need to import Maize from abroad, our representative met the then Honorary Minister for Railways and explained him the necessity for the reduction of freight for T.S.P., and other grievances of our industry caused by railways, promised that he will consider it. Thereafter except his promise we have not heard anything from him and the Railway Board.

Besides these requests we have requested many times during the last four years the Railway authorities both in Delhi and Madras, to reduce the freight for T.S.P. They have not complied with our requests except their replies informing that they cannot do anything.

Q: 31. The Railway freight rate policy should not be based only on considerations of the economics of transportation and the needs of Railway finance. It must take into consideration the nature of the industry, its origin, its participation in the industrial development of the country and its assistance to other small industries such as Cottage industries.

For example T.S.P. industry came into existence during the World War II, when the food scarcity was acute and the Imports were very difficult (Imports of sizing materials). T.S.P. is used then onwards as substitute for sizing material in place of rice,

maize, tapioca chips and other imported materials such as sago, parine, potato flour, flour destrine etc. Previous to the war raw tamarind seeds were going as wastage, and now T.S.P. industry making money out of it and adding to the total of National Income. Besides this T.S.P. is used for pasting purposes by match factories, cardboard factories, plywood works, hand-loom etc., and they can still more be progressed by getting cheap materials for their industries. As such Railway in the interests of the Cottage Industries must reduce the freight for T.S.P.

Q: 32. The Railway freight structure must be utilised to assist the development of particular industries especially which are in their infancy and came into existence under strange circumstances.

Q: 37. The Railways can help the Cottage Industries, such as Match industry, Paper, Card Board, plywood, leather, gum and binding, hand-loom etc., by reducing the freight for certain materials which are required by them. For example T.S.P. is used by the above all industries in one or the other stages of manufacturing its finished products.

Q: 42. In the post war period the traffic is increased but it is very difficult in movements of commodities due to non-availability of wagons in time and restriction of booking for some places months together.

Q: 44. We quote prices both F.O.R. destination and also F.O.R. forwarding station according to circumstances :—

(a) *The figures for supplies made F.O.R. destination.*

Selling Price		Destination	Freight	
Rs.	a. p.		Rs.	a. p.
24	0 0	per bag of 1½ Cwts.	...	8 5 6 per 1½ Cwts.
24	12 0	"	...	8 8 0 "
21	0 0	"	...	6 14 2 "
20	0 0	"	...	5 3 4 "
21	0 0	"	...	6 10 4 "
22	0 0	"	...	7 7 4 "
23	0 0	"	...	7 12 8 "
16	0 0	"	...	2 10 10 "
18	0 0	"	...	4 2 6 "

The Railway freight is from Bangarapet.

(b) When we supply at F.O.R. forwarding station our product is hauled on an average over a distance of 1,000 miles.

The railway freight comes to nearly 50% of the selling price at the Forwarding Station.

*The figures for supplies made F.O.R. Forwarding Station.*

Selling Price		Forwarding Station	Ry. Freight	
Rs.	a. p.		Rs.	a. p.
14	0 0	per bag of 1½ Cwts.	...	7 7 4 per bag
18	0 0	"	...	8 8 0 "
15	0 0	"	...	7 12 3 "
16	0 0	"	...	6 10 4 "
16	8 0	"	...	8 0 0 "
15	0 0	"	...	4 2 0 "
15	0 0	"	...	1 10 6 "
18	0 0	"	...	2 10 10 "

The freight is from Bangarapet. The figures are given for T. S. P. only.

(c) There are so many cases where the difference between the selling price at the point of receipt is substantially greater than could be accounted for by the actual freight charged, as far our industry concerned.

(d) Since we took charge of our firm in 1950 and our predecessors have not kept any of their records, we are unable to give the required relative figures.

Q: 55. Apart from the above answers we want to bring to your notice a few points.

1. We are the only manufacturers of T.S.P. in Mysore State, and are supplying T.S.P. regularly to many leading mills throughout India. But we fear that we may have to close our factory if the present freight on T.S.P. continues, as we cannot withstand the competition of T.S.P. manufacturers from Kanpur, Indore, Bombay and Ujjain

who buy from us tamarind seeds pappu. If we close our factory nearly 60 to 80 families will go out of living. In the South there are no other manufacturers of T.S.P. except one or two in the Andhra State. So you may not get many complaints with regard to reduction of freight on T.S.P. from South, and Northern manufacturers wish to prolong the present rate in order to cast us from the field.

2. For your verification separate examples of both T.S.P. and Tamarind seeds pappu have been sent by registered sample post.

3. You can ascertain and come to a decision to help this poor industry, and its need for development from herein enclosed statistics issued by the Ministry of Agriculture, Government of India, for the Tamarind Starch Conference held during the month of January, 1951, at Delhi.

*Statistics for the Tamarind Starch Conference 6th January, 1951*

1. Quantities of starch required in the country.

(a) Textiles	...	...	50,000	Tons.	(91%)
(b) Jute	...	...	3,000	"	(5.6)
(c) Paper	...	...	2,000	"	(3.5)
			<u>55,000</u>		

2. Starch factories:

40 factories; 22 licensed. Installed capacity 75,000 tons. Not more than  $\frac{1}{2}$  dozen factories working.

3. Annual production of starch factories in India:

1943	...	...	16,973	Tons.
1944	...	...	24,164	"
1945	...	...	26,298	"
1946	...	...	—	"
1947	...	...	1,350	"
1948	...	...	3,600	"

4. The gap between the total demand and local supply is filled by imports of sago flour, starch, foreign potato flour, dextrine etc. from abroad.

1946—47	26,059	Tons.	169	Value lacs of Rs.
1947—48	36,305	"	168	"
1948—49	43,813	"	261	"

5. The annual production of tamarind seed kernel (pappu) is estimated at about 90,000 tons.

From the statistics it is evident that if the railway freight is reduced on tamarind seed starch, south can utilise all the seeds for the manufacture of T.S.P. and supply at reasonable rates to the whole of textile industry, and thereby save the Government the need to import foreign starches and the surplus of

nearly 300 lakhs of rupees can be spared for other necessities in the implementation of the Second Five Year Plan. We hope the honourable committee will consider the above points and help this poor industry by reducing the freight on T.S.P.

PART I-B.

Q: 1. To manufacture a ton of T.S.P.  $2\frac{1}{2}$  tons of raw tamarind seeds are required, and  $\frac{1}{2}$  ton fuel for roasting the seeds in order to remove husk of the seeds.

Q: 2. Total production of T.S.P.

1952-53	...	800	tons.
1953-54	...	850	"
1954-55	...	780	"

Q: 3. The revision of the freight structure in 1948 has given no initiative for furtherance of more production. There is no change in the distance of haul by rail in respect of raw material, but change came in respect of finished product.

Q: 4. The average haul for traffic received by rail in respect of raw materials:

shortest distances ... 150 miles.  
longest distances ... 400 ..

The average haul for traffic despatched by rail in respect of finished products:

Shortest distances ... 400 miles.  
Longest distances ... 1250 ..

Q: 5. The raw materials (Tamarind seeds) received by the following modes of transport:

(i) by rail ... 17,000 bags.  
(ii) by road ... 4,000 ..  
(iii) by carts ... 2,000 ..

Q: 6. Ninety per cent. of the finished product is despatched by rail and the remaining 10 per cent. by road in lorries to the near textile centres.

Q: 7. (a) The average price of the raw material (T. Seeds) during 54-55 per ton Rs. 50/- and the average rail freight Rs. 5/8- per ton.

The corresponding figures for 1938-39 & 1947-48 are not available.

(b) The average price of the finished product (1954-55):

At the manufacturing point Rs. 10/- per cwt.

At important consuming centres the price at the manufacturing point plus the railway freight to the centre. Other figures are not known as we took possession of the industry in 1950.

Q: 8. The despatches of finished products:

(i) 30 bags of 1½ cwts. each yearly.  
(ii) 1,500 ..  
(iii) 630 ..  
(iv) nil.  
(v) nil.  
(vi) 400 ..  
(vii) 500 ..  
(viii) nil  
(ix) nil  
(x) nil  
(xi) 800 ..  
(xii) 5,000 ..  
(xiii) 3,000 ..  
(xiv) 1,000 ..

The figures above are only given approximately.

In conclusion we request the honourable Committee to see the samples that we have sent, and recommend one to Railway Board to reduce the freight on tamarind seed powder to the same level as to the freight on raw seeds, and encourage the industry to prosper. We hope that our few lines addressed to you besides the replies to questions will meet with your kind consideration, and thanking you in anticipation for doing needful in the matter.

Bangalore Trades Association,

Bangalore.

#### PART I-A.

Q: 1. (a) The adoption in 1948 of the revised general classification has not had the required effect on industry and trade as it was expected to be. The trade expected more facilities and a reasonable rate structure.

(b) No. The trade adversely affected has been the local trade which have had no advantage of the telescopic rates and thus the local trade has been deprived of its rightful prices.

(c) See para (b) above.

Q: 2. (a) Yes.

(b) The industry is badly affected due to the discretion of the Railway Administration not being fully utilised. It would be interesting to have the details and cases where the discrimination was not used.

Q: 3. (i) The number of class rates of wagon-load scales are not appropriate and need fresh revision.

(ii) (a) No. It is essential that more number of 'legs' and distance range in each 'leg' be provided.

Q: 4. The maximum rate for each class rate and wagon-load should maintain its status quo.

Q: 5. (i) Terminal charge should be discontinued at once.

(ii) 'Short distance' charge for haulage of less than 75 miles should be discontinued.

(iii) Transhipment charge for break of gauge should be brought down to a minimum. The discontinuance of terminal charge is suggested as the present loading and unloading arrangements of the Railway Administration are most unsatisfactory and in most cases this part of the work is done by the owners. The 'short distance' charge provides a weapon to road transport to levy a heavier charge.

Q: 6. Yes, this should be raised to ten miles unit for charge.

Q: 7. No.

Q: 8. We advocate the extension of this principle on all railways.

Q: 9. The grouping of commodities is not very satisfactory and with so many groupings

on hand it is essential that this should be reviewed in view of the present conditions. For instance machinery other than electrical is classified at 6 R.R.—4 O.R. This heavy charge retards the growth of the industries, as such it should be reviewed.

Q: 10. See No. 9.

Q: 11. No.

Q: 12. We advocate the charge (uniform rate of minimum charge) provided that the class of commodity carried, can bear the cost.

Q: 13 (a & b). No.

Q: 14. The minimum weight for 'smalls' to be raised to 10 seers.

Q: 15. We agree that 'smalls' traffic should be classified in one class, that class should be selected in such a way that the freight charge should be about 50% of the charge for passenger traffic.

Q: 16 (i) & (ii). Yes.

(iii) Yes. This would be found very workable if the suggestion under para 15 is taken into consideration.

Q: 17. The introduction of 'train load rates' is most essential for the movement of the raw materials and if enough wagons are available on the railways it would not cause any hardship to any of the interests concerned.

Q: 18. Special express goods services have been very much appreciated by the public and a minimum extra charge of not exceeding 10% for carriage by these special goods trains would not prove detrimental to the industry.

Q: 19. The present charge for supply of cranes for loading and unloading consignments is rather high.

Actually this should be part of the services provided 'free' of any extra cost. It should be part of the services provided by the administration.

Q: 20. Nil.

Q: 21(a). If the railways stop carrying such traffic just because alternative methods of transport are available the trader would be a great sufferer as the other mode of traffic would not have any competition and would naturally raise its schedule charge.

(b) No ; see para (a).

(c) No.

Q: 22. Not very favourable. Usually the short distance traffic is not moved by the railways.

Q: 23. Yes. we advocate the formation of freight pool for the following commodities on all India basis: Coal, food-grains and pulses, fertilisers, paper and textiles.

Q: 24. Yes.

Q: 25. The freight pool should be worked by the railways.

Q: 26. Yes.

Q: 27 & 28. No remarks.

Q: 29. See remarks as in No. 1.

Q: 30. We agree with the suggestion.

Q: 31. The railway freight rate policy should be based mainly considering the development of the country.

Q: 32. Yes.

Q: 33. The introduction of special freight rates for new industries would not be fair.

We advocate far a special consideration being shown for the economic development of undeveloped areas.

Q: 34. This policy of reviewing 'on the basis of inflated mileage' even for a limited period would retard the development of an under-developed area.

Q: 35. (1) The freight policy should be mainly taking into consideration that a charge should be what the traffic can bear, if a heavy charge is made there are more chances of retarding the industrial development of the country rather than securing adequate revenue for meeting the increase in the maintenance and operation costs.

Q: 36. All charges for the maintenance and operation costs including provision of new rolling stock should be made from the revenues of the railways. The only charge which should be met by drawing on reserves is for the construction of new lines.

Q: 37. This would not prove very useful as the village and cottage industries structures usually move only short distance. In case of movement of products of cottage industries over a distance of 100 miles for sale in the market a special rate by the railway would be of assistance.

Q: 38. When any commodity has been under control or ceiling prices fixed by the policy of the Government the freight structure for such commodity should be reviewed to see if the commodity can bear the charge.

Q: 39. No remarks.

Q: 40. It is correct that the railway transport capacity will have to be increased to meet the requirements of the development of the country, but it is not correct to state that this would only involve an increased expenditure on improvement of Goods Shed and other development works as the quantum of the freight earned by the railway administration would also increase tremendously; as such it would be possible to avoid an increase in the rate structure from the present level.

Q: 41. It would not be possible to adjust the railway freight due to the fluctuations in the competitive conditions in the export market as such the stable rates should be 33½% below the ordinary rates to encourage export.

Q: 42. In the post-war period there has been a great change in the pattern of traffic, both in the quantum, direction and range of movements of commodities.

Q: 43. See remarks 1 (b)

Q: 44. Most of the industries quote their prices F.O.R. forwarding station.

Q: 45. If the railway freight on the various direct requirements of an agriculturist is kept down to the minimum it will help to keep down cost of production of more important food and commercial crops.

Q: 46. No remarks.

Q: 47. This is correct. (i) Adjustment of railway freight would not be helpful. (ii) Providing warehouses for temporary storage through any agency would be very helpful.

Q: 48 to 53.—No remarks.

Q: 54. See reply, para 35 (1)

Q: 55. No remarks.

#### PART I-B. ANNEXURE V.

Q: 1. No remarks.

Q: 2. As stated in the Mysore Iron & Steel works Letter (Copy enclosed.)

Q: 3 & 4. No remarks.

Q: 5 & 6. Only by railway.

Q: 7, 8 & 9. No remarks.

Q: 10 (a) Total production of finished sugar in our factory at Mandya ... 35,000 tons per annum (approx).

(b) Total proportion of sugarcane traffic:

By rail ... about 22 per cent.  
By road—within a zone of 10 miles—about 75%  
do 10 to 20 miles „ 3%

(c) Cost of transport of cane (at present):

By rail ... Re. 0-1-11 per Md  
By road ... Re. 0-0-3 per Md  
per Mile

(d) Cost of transport of cane (pre-war):

By rail ... Re. 0-0-10. 5 per Md  
By road ... Re. 0-0-1. 3 per Md  
per Mile

Most of our troubles are due to 'transhipment'.

Here we would like to have detailed reply as to what concrete action has been taken on Para 28. of the Speech of Shri Lal Bahadur Shastri introducing the Railway Budget 1954-55 on 19-2-54. If we had a clear reply as to what the Railway Administration had decided on, we would know better where we stand and perhaps can give even more satisfactory replies. On this statement we are sure that the Railway Board must have collected lot of information. What has been printed we would appreciate to have a copy of the same.

#### ANNEXURE VII.

(See The Mysore Iron & Steel Work's letter reproduced below.)

Copy of the letter dated 25th October '55 from the Mysore Iron & Steel Works, Bhadravati.

" x x x x

As regards total production of finished products, we give below the production for the year 1954-55:—

Pig iron	...	50,305 tons
M.S. Section	...	25,155 "
Hoops, rods & coils	...	3,579 "
C.I. Pipes	...	10,638 "
Ferro Silicon	...	4,727 "
Cement	...	74,008 "
C I Sleepers	...	3,517 "
C I Castings	...	684 "
CS Castings	...	426 "
Acetic Acid	...	243 "
x x x x		"

#### PART-II

Q: 1. (a) All commodities which the railway administration accepts for transit should be booked at railway risk.

(b) All commodities which can easily be pilfered in transit or in goods sheds be booked at railway risk.

(c) The change suggested is that the railway administration should provide better safeguard against the pilferages which is a very common factor.

Q: 2. (a) Most of the traders have now resorted to private insurance as an alternative to safeguard against these damages etc., in transit.

(b) The private insurance covers damage, pilferage in-transit and non-delivery. The average rate of premium of the value of goods by private insurance is 4 annas per cent.

(c) The private insurance has comparatively increased in recent years due to the lack of proper handling of commodities by the railway administration.

Q: 3. Yes, for reasons in 2 (c)

Q: 4. (a) Yes.

(b) No remarks.

Q: 5 (a & b). No remarks.

(c) 30%, under the excuse that the pilferage took place in transit.

Q: 6 & 7. No remarks.

Q: 8. Every commodity should have a railway risk rate as well as owner's risk rate and the administration should allow the trader to book his consignment at any of the two rates at his choice.

Q: 9 & 10. No remarks.

Q: 11. Yes.

Q: 12. No remarks.

Q: 13. Even at owner's risk rates the minimum standard should be laid down for the packing.

Q: 14. Sec. 72. A of the Indian Railways Act, 1890 has remained unaltered since the last quarter of a century and this should be reviewed taking into consideration the past trend of the development of the country.

Q: 15. The present conditions for packing are very inadequate. This should be reviewed by a sub-committee and the standard conditions of packing should be rigorously enforced to avoid the heavy claims on the railways.

Q: 16. The packing condition notified for certain commodities are very rarely enforced and under the circumstances a consignment should not be accepted unless it conforms to the standard packing conditions which should be laid down very clearly and given vast publicity.

Q: 17. (a) Warehouse facilities for storage of goods prior to despatch or for delivery are a necessity in any advanced country, but unfortunately so far as this amenity, which is part and parcel of a necessity which goes to increase the development of the country has not been considered by the railway administration. This should be given effect to at an early date. Port authorities at a port have got ware-houses where one can store the goods for any



length of time at a very nominal rate—much cheaper than private agency.

(b) This scheme should be undertaken by the Railway Administration.

Q: 18 (a) As already stated Section 72 of the Indian Railways Act, 1890, should be reviewed. The Railway Administration once they accept the consignment for despatch should be entirely responsible for not only the safe delivery of the consignment at the destination but also of the condition in which the consignment is delivered.

Q: 19. It would go a long way to reduce the compensations arising directly or indirectly from thefts and pilferages. Further the present arrangement of storage facilities in the goods shed is most inadequate and hardly suitable for the growing trade. If these are also improved it will be found that compensation which is being paid at present is reduced very much.

Q: 20. No remarks.

Q: 21. In spite of special officers being appointed to settle claims unduly long time is taken by the Administration in settling the claims. A trader finds by experience that insurance companies settle the claims in less than one-fourth of the time required by the Railway Administration. This should be looked into and improved.

### PART III

Q: 1. (a) The powers of the Railway Rates Tribunal should be widened.

(b) It is correct that it would be in the interests of the public if the Railway Tribunal is given powers to initiate investigations in regard to freight rates.

(c) No remarks.

Q: 2. This decision is not satisfactory. Under no circumstances should the Government raise a rate of a particular class of traffic without the consent of the Tribunal.

Q: 3. See reply para 2.

Q: 4. No remarks.

Q: 5. This is correct. The Rates Tribunal take unduly long time in arriving at a decision. This should be improved upon.

Q: 6. This is correct. The cost to the parties for obtaining a case adjudicated by the Railway Rates Tribunal is very high. (Remedy—At present there are Regional and Zonal Consultative Committees throughout India. It is suggested that the Regional and Zonal Rate Committees be formed to make their recommendation to the Tribunal. This would facilitate the work of the Tribunal as well as to provide a source of approach to the trader without heavy cost).

Q: 7 to 10. No remarks.

Q: 11. See remarks para 6.

Q: 12. The constitution of the Railway Rates Tribunal is very necessary as otherwise the growth of Industries will be affected.



The Mysore Iron & Steel Works,

Bhadravati.

### PART I-A.

Q: 1(c) The freight on raw materials for manufacture of iron and steel have been revised from time to time from 1935. The minimum charge per wagon has also been increased from the original 100 maunds on our Metre-gauge system to 250 in some cases; as a result, the total freight paid has considerably increased these years. Statement showing the average freight rates on fuel and charcoal on Birur-Talaguppa section for an average lead of about 40-50 miles, is enclosed (Table I) The statement is self-explanatory.

It is needless to mention that these freights may have to be revised regarding rates and minimum weight to attract traffic.

Q: 2 (a) The present rating arrangement has not been helpful to us as can be kindly seen from the Table 1.

Q: 3 (i) Some of our finished products have been classed 'high'. Perhaps, it would be desirable to reduce freight on some of these finished products with the ceiling.

Ferro-Silicon, one of our finished products, comes under Red tariff since it is treated as an explosive. It is for the consideration of the Committee to examine the possibilities of giving a lower rate for this commodity. At the moment the consumption of Ferro-Silicon in India is about 4,000 tons and the main points of consumption are: West Bengal, Bihar and Bombay.

The new Steel Plants that come into production within the next five years will be the future consuming centres in larger quantities.

Q: 5 (iii) More than the transshipment charges, the delays in transshipment are causing much inconvenience. The Southern Railway is a compact unit. It would be desirable to convert all these into one gauge from one end such that at least all these ports in the region can be connected direct in this M.G. region. Industries will be benefited if there is only one gauge touching Poona, Bangalore, Cochin and Madras through all sections.

Q: 7. Road transport is quick and efficient since it handles material from door to door unlike Railways which handles from station to station. These Railway stations are situated in many cases far away from the towns. Hence it would not perhaps cause any inconvenience if the existing minimum distances is changed from 20 miles to 50 miles. It is also for consideration whether it would not be desirable not to accept any goods traffic for any distance not less than 50 miles such that the wagon turn over will be better and movement of materials considerably improved.

Q: 10. The points that have to be taken into consideration for classification of goods and the rate structure, are in our opinion:

- (1) Whether the consumer can pay this freight;
- (2) Whether the commodity can bear the freight at all times;
- (3) Whether the freight charged may be more than the cost of the material.

The possibility of running train loads from consigning end to the destination non-stop excepting necessary halts deserves examination. This will be very helpful in the case of materials which have to be hauled for distances exceeding 500 miles.

The Daily Express Goods Service running preferably at night with halts of not less than 25 miles for watering or coaling might perhaps solve some of the delays occurring at the moment.

Freight carried by such Goods Trains shall change formations at junctions only with a minimum of 75 miles.

Q: 14. Since Road Transport has come to stay, small consignments are generally taken by lorries or other conveyances. It would not perhaps cause any inconvenience if the minimum weight is increased to one maund.

Q: 16. (i) Revision in upper direction of the existing 'W' condition may have an opposite effect. This has been illustrated in Table 1.

A minimum wagon rate may be charged for different materials after examining the local conditions and the commodity handled.

(iii) This will certainly help.

Q: 17. It will be very economical if the Railways can run train loads and fix up rates in the different sections on which the freight is carried. This freight must be telescopic such that it will go on becoming less when the quantities offered are higher. For example, the freight for a consignment of 2,000 tons during a particular period is fixed at a certain level; it is expected to be reduced considerably when freights of 10,000 and 25,000 and over are offered at a time for longer durations.

Q: 18. This depends upon the interpretation of a Special Express Goods Service. If small consignments of goods are taken non-stop from one place to another and the material moves not less than 300 miles during a period of 24 hours, this will be justified. The additional charge should only be a token as an Express Goods Train will release the wagons faster and ensure

quicker turn round. Such a service is more advantageous to the Railways than the consignor as more freight can be moved with the available stock.

Q: 19. Supply of cranes is a convenience. Just as amenities are provided for employees, cranes are provided to facilitate unloading and loading of heavy material and release wagons early. When wagons are delayed for want of crane facilities, the consignor cannot be expected to pay any demurrage, for no fault of his.

Q: 21. (a) Yes. The minimum distance should be 50 miles as suggested already subject to a minimum of one maund.

(b) Yes. The Railways can develop an Out Agency system such that short distance traffic in different sections is carried by road on lorries, on the lines of the Out Agency System existing in some places, at present.

(c) The Railway is a National asset. It can justify this definition if it can assist the industries in existence, and under contemplation and the consumer if it facilitates movement of materials at most economical rates. Where water transport is available, it may be insisted that material is moved by that waterway only.

The freight rate, whether by the inland waterway or by surface transport may be kept at the same level.

Q: 23. (a) A freight pool is desirable to maintain uniform freight rates, irrespective of distance. This Freight Pool can be considered on an All India basis for basic raw materials for Industries, namely, coal and coke, of all sorts, refractories, billets and scrap-ferrous or non-ferrous.

For finished products, freight can be examined on a Zonal basis after examining the different aspects. In the case of cement, the freight may be considered on an all India basis, for the present.

Q: 25. The Railways have to charge the freight pool rate. This will not affect the revenues as the percentage of long distance traffic (above 1,000 miles) is not much in India at present.

Q: 27. The Mysore Iron & Steel Works, Bhadravati is situated in a branch line (Birur-Talaguppa section) and most of the raw materials are received within a radius of 50-60 miles. In the interest of this Industry, short distance charges may be waived in this case or the short distance reduced.

Q: 28. Please give instances of requests that have been made, and where such requests have not been granted, the reasons if any, given by the railways.

Large number of station-to-station rates were in existence earlier and this has, it is learnt, since been removed. It would be helpful if the request from Industry is considered favourably and a decision communicated after examining it within a specific period say a month after receipt of such request such that the Industry is not allowed to suffer on account of the inordinate delay.

Q: 30. The introduction of station-to-station rates is no doubt a necessity to foster development of new Industries and en-

courage trade. The economies of transportation have to be kept in mind and a minimum tonnage per annum fixed for giving this rate.

Q: 31. The following additional points may also be perhaps taken into consideration:

(i) Freight should be equitable.

(ii) Freight on commodity shall not exceed the cost of the commodity. It should always bear a certain percentage of the cost of the commodity at the consigning end.

(iii) It must be a fillip for advancement of the Industry and reduce concentration at particular points which has been responsible for unsettled conditions.

(iv) It must not act adversely on the consumer.

Q: 32. This structure depends upon the Zones. Each has to be considered on its merits.

Q: 33. It would perhaps be desirable to charge only the scheduled freight rates and waive other charges for Industries or sections of Industries which will be established in future, at high cost. This concession may be given in the first instance for a period of 5-10 years. Otherwise, economic development of the under-developed areas particularly Malnad Regions may not be practicable.

Q: 34. The Railway is a National asset. It will be pressed into service in a National emergency. Hence, safe lines have to be laid, unlike some of the present coastal lines, which can be in service in all conditions without disturbing normal movement. A beginning can safely be made from the southern end as it lends itself for improvement. These may have to be treated as strategic lines even though they may not be financially sound, during the first few years of operation.

Q: 40. The trouble experienced by Industries particularly in the South India is due to the inability of the Railways to transport the needed raw materials from the Northern India to the Southern end. This has happened because alternative routes have not been provided all these years to ensure easy flow of traffic. The bottlenecks have not been removed from one end and the available resources not utilised. South Indian Industries can develop if the following issues are taken up for consideration:

Water-ways from Collieries in West Bengal, Bihar and Orissa, to be utilised for movement of traffic to deliver the materials along the water-way up to Calcutta and touch ports on the East Coast and Cochin. If this coastal shipping is developed by the Railways as an adjunct to their freight service, the existing lines will perhaps cater better to the needs of the areas which are situated far away from the coastal line.

It is needless to mention that freight structure should be so devised that the material carried will bear the same freight

whether it is carried by water or by rail. It would be helpful if the water-borne traffic is charged a little less to encourage coastal shipping.

Q: 51. The nature and extent of industrial expansion in the public sector envisaged during the Second Plan period in our region, is indicated in Table II.

It is needless to mention that in the case of Iron and Steel Industry, the raw materials required for every ton of product will be about four or five times to the finished product and most of them are handled by the Railway system.

Q: 52. The movement of our traffic will perhaps be limited to our sphere of influence as at present, unless conditions change in the interval.

### ANNEXURE I

Coal required by the Mysore Iron and Steel Works, Bhadravati, is obtained from the collieries by the sea-cum-rail route via Madras since the Railways cannot handle this traffic. The difference in freight is a legitimate charge on the Railways as the Industry cannot normally bear this additional freight. This consideration applies in the case of all traffic which are taken by sea instead of by rail. The percentage of losses in handling is heavier in the case of sea-cum-rail traffic and the consignee is entitled to some consideration on this account.

### ANNEXURE II

The minimum weight of wagon for a commodity is to be fixed in consideration of the quantity that can be loaded. The average height of a man in India is a little less than 5'-6" and assuming any height over 6' will be far out of the mark. Wagons will have a central door either in one piece, or in two pieces. If that door is in one piece, the volume available will be very small. If the central door is in two pieces, the height that can be loaded will be the average height of the lower door PLUS the heap at the ends subject to a maximum of 6'. If the minimum weights are fixed on this basis for the wagons, keeping the specific gravity of the material loaded in view, it would be satisfactory:

### ANNEXURE V

It is very difficult to give figures of despatches as envisaged in the Questionnaire as statistics are not maintained by us in the form required. However, a statement is given below showing the despatches of finished products made by the works in a particular month, say July 1955 and in a particular year, say, 1954-55, i.e., from 1st April 1954 to 31st March 1955—Official year. Our despatches of steel C.I. Pipes and Cement are mostly made to Bombay State, Madras State, Mysore State (local) and places in South India. Pig Iron, Ferro-Silicon and Steel Castings are despatched mainly to Northern India. C.I. Sleepers and Steel Castings are despatched to Railways in South India and Chittaranjan Locomotive Works in Northern India and Associated Cement Companies in Bombay, all over 51 miles distance.

Finished Products	Despatches made during July 1955 (Tons)	Despatches made during the year-1st April 1954 to 31st March 1955 (Tons)
Pig Iron ... ..	3,692	15,818
C. I. Pipes ... ..	1,084	9,689
C. I. Sleepers ... ..	354	3,521
C. I. Castings ... ..	15	330
Steel Castings ... ..	47	459
Steel Sections ... ..	3,563	27,357
Hoops ... ..	80	1,187
Cement ... ..	6,128	62,234
Ferro-silicon ... ..	531	4,131
Acetic Acid—Despatched to Bombay ... ..	6	152
Structures—Despatched to Mysore (Local) ... ..	26	150
<b>Total ... ..</b>	<b>15,526</b>	<b>1,25,028</b>

Q: 5. We are obtaining our raw material in lorries even where there is a railway traffic, for reasons already explained.

Q: 8. The average distance of the despatches of the finished products by rail is generally over 100 miles except in very few cases. The Railways may consider construction of special wagons for transport of cement in bulk with higher capacities. This question can perhaps be pursued as the

cost of the containers will be avoided and the producer can perhaps be persuaded to pay an additional freight rate instead. The Cement Industry is being expanded considerably and this question deserves consideration.

The question of other Industries can be taken up as they develop in a particular region.

TABLE I  
Charcoal and Fuel

Station		Charcoal 180 Mds. per ton.	Fuel 220 Mds. per ton.
		Rs. a. p.	Rs. a. p.
Harnahalli	Spl.	3 11 0	3 11 0
Kumsi	Spl.	3 11 0	3 11 0
Arasalu	Spl.	4 1 9	4 1 9
Anandapuram	Spl.	4 6 4	4 6 4
Balegundi	WLC	5 5 4	5 5 4
Sagara	Spl.	4 10 10	4 10 10
Talaguppa	WLC	5 11 2	5 11 2

TABLE II

Industrial Expansion in the public sector envisaged during Second Plan Period on the Works :—

	Capacity (Tons)
1. Spun Cast Iron Pipe Plant ...	17,500
2. Alloy & Tool Steel Plant ...	2,000
3. Steel Expansion scheme ...	85,000
4. Stainless steel plant ...	15,000
5. Ferro-alloy plant ...	18,000

PEPSU

Patiala Flour Mills Co., Ltd.,

Patiala.

#### GENERAL

At present 'Wheat and Gram' are placed under class WL/D (a standard telescopic wagon load scale basis per maund per mile-0.38/300 miles plus 0.26/300 miles plus 0.17/ beyond with a ceiling of Rs. 1/13-per maund) and 'Wheat and Gram Flour' under class WL/H (a standard telescopic wagon load scale basis per maund per mile 0.48/300 miles plus 0.35/300 miles plus 0.23/beyond, with no ceiling) which comes to about 30% higher than the rate charged on wheat and gram. Besides that for wheat and gram there is a ceiling in freight of Rs. 1/13-per maund, while there is no such

ceiling applicable to 'Wheat and Gram Flour'. The difference in price between the wheat and gram and their flour does not generally exceed 10% while the gap between the freight on both the commodities has been so much widened that the flour is to pay about 65% more than wheat on long distance traffic on account of the ceiling in freight on wheat and gram, with the result that the wheat and gram flour which used to be supplied from North to South have been stopped due to such unreasonably high freight and the North has lost all its long standing Southern markets.

Thus the Flour Industry of Northern India has been hit hard and placed in a very precarious condition. Therefore it is requested that necessary equitable position be restored by reducing freight rates according to the difference in prices of both the commodities and also allowing the ceiling in freight on traffic of wheat and gram flour as applicable to wheat and gram.

Before 1948 (subsequent to the decision of the Railway Rates Advisory Committee in the case of No. XXXIV of 1932-Roller Flour Mills, Patiala vs E.I. Rly.), the difference between the freight rates chargeable to traffic of wheat and gram and flours thereof was under:—

Distance.	Wheat.		Flour.		Difference.	Increase percentage over wheat rate.
	Rate per Md. per mile.	Calculated rate per Md. excluding terminal charges etc.	Rate per Md. per mile.	Calculated rate per Md. excluding terminal charges etc.		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Rs. a. p.		Rs. a. p.	Rs. a. p.	
1 to 75	·380	0 2 5	·380	0 2 5	Nil.	Nil.
76 to 100	·200	0 2 10	·380	0 3 2	0 0 4	12%
101 to 300	·200	0 6 2	·220	0 6 10	0 0 8	11%
301 to 600	·100	0 8 8	·150	0 10 7	0 1 11	22%
601 to 1000	·100	0 12 0	·115	0 14 5	0 2 5	20%
1001 to 1500	·100	1 0 2	·115	1 3 3	0 3 1	19%
1501 to 2000	·100	1 4 4	·115	1 8 1	0 3 9	19%

Now with effect from 1st April, 1955 in contravention and disregard of the spirit and letter of the Rates Advisory Committee decision, the gap between the freight rate of wheat, gram and flour thereof has been

enormously increased as will be evident from the under-noted comparative Freight Rate Table and thus with the increased freight the traffic of flour of wheat and gram cannot move to distant places:

Distance.	Before 1st October, 1948.		After 1st April, 1955.		Increase percentage over 1948 rate.
	Difference in freight per Md. between wheat, gram & flours.	Percentage.	Difference in freight per Md. between wheat, gram & flour.	Percentage.	
(1)	(2)	(3)	(4)	(5)	(6)
	Rs. a. p.		Rs. a. p.		
1 to 75	Nil.	Nil.	0 0 7	24%	24%
76 to 300	0 0 8	11%	0 2 6	26%	15%
301 to 600	0 1 11	22%	0 4 9	30%	8%
601 to 1000	0 2 5	20%	0 6 9	31%	11%
1001 to 1500	0 3 1	18%	0 9 3	32%	13%
1501 to 2000	0 3 9	19%	1 2 7	64%	45%

From the above statement it will also be observed that with the increase in distance, the freight rate for flour has been increased more than proportionate with the result that for long distance traffic the freight is much more than the commodity can bear. As a result of this change, the Northern India Mills have lost their important Southern markets like Madras, Tuticorin, Rayapuram Trichinopoly, Madura, Erode, Bombay and Baroda etc. for their finished products. The present freight rate thus causes "undue or unreasonable prejudice or disadvantage" to the Mills in the North to undue preference and advantage to mills in the South.

Prior to the imposition of restrictions on the movement, coming in the wake of shortage of foodgrains, about 98 to 99% gram-flour produced by the mills in the North used to be sold in the Southern markets. Recent

relaxation and decontrol, once again afforded the Northern Mills an opportunity to revive and establish their pre-war markets for their products; but their attempts in this direction are being foiled because of the recent freight concessions and the ceiling of Rs. 1-13-0 allowed and fixed for the traffic of grains, pulses while the same do not apply to flour. This wide difference in the freight has very adversely affected the traffic of flour with the result that no flour is moving to South and other distant places.

Unlike the finished products of other Industries like vegetable oils, sugar and gunnies etc., the difference in prices between gram dall and gram flour and that of wheat and wheat flour, is very nominal. It is hardly 10 to 12% above the cost of price of the raw material. The freight difference between the finished and the raw is thus



unequal and disproportionate and operates to the detriment of the Industry.

The present freight rates are unreasonable and faulty and run encounter to the spirit of Five Year Plan which aims at promotion and development of the Industry.

It may also be mentioned here that where the existing railway freight has been disturbed, specially in case where the commodity concerned is 'foodstuff', to look at it

from the consumer point of view, it deprives the consumer to have his daily necessities of life like atta and gram flour at a reasonable price and thus the present freight on flour affects the consuming public to a great extent.

It is, therefore, submitted that you may kindly come to the rescue of the Flour Industry and save it from spell of utter ruination by affording necessary relief.

## The Bhupendra Flour Mills Ltd.,

Bhatinda.

### GENERAL.

We are the owners of the Bhupendra Flour Mills Ltd., Bhatinda, a Pioneer Flour Industry in Northern India, installed about 45 years back by late L. Harikishan Lal Gauba, the biggest Mill magnate of unpartitioned Punjab. This admittedly is a surplus area and the mill products have no market in this area. The very life of the Mill depends upon the Exports to other deficit areas in the Indian Union. Our Mill could well compete with most Mills in other areas till the rates of freight for our Mill products were varied by the Railways to our detriment from April, 1955. The huge difference in the freight of whole-grains and the products thereof have hit hard our industry. At present the whole-grains "Wheat & Gram" are placed under Class WL/D in which the maximum freight is Rs. 1-13-0 per Maund, whatever may be the distance that consignment is to be transported: whereas the products thereof are placed under WL/H with highly increased freight and without any ceiling. The rates of freight for products of wheat and gram are about 30% higher than the whole grains and the highest freight for longest distance might be more than double the ceiling for whole-grains. The difference in prices of whole-grains and the finished products thereof is hardly between ten to twelve per cent. Previously the South was fed by the Mills in North so far as the products of wheat and gram were concerned, but now the great inequality between the freights of whole-grains and the products thereof, have practically made all the Flour mills of the North idle. This uneconomic position of the Mills cannot be continued any longer. The huge amount of investment is lying idle and the heavy weight of interest is hanging around the neck which will ultimately be a cause of utter ruin of the indus-

try. The Railway is also deprived of the income from the Flour Mills in North. Under the circumstances it is absolutely essential that the gap between the freight of whole grains and the products thereof be reduced in such a way as to bring the same in equitable level with the difference in prices of both the commodities. This step is also essential to help the Free India Government scheme of industrializing the country in the sense that the existing Industries should be kept alive. Its refusal will mean destruction of the existing industries what to say of aiding erection of further industries. The Railways now are State-Owned Railways and the implementation of the Government policies is primary duty of this department also. The long distance traffic of products of foodgrains has become a thing of the past. The enormous increase in rates of freight of finished products of foodgrains is highly prejudicial to our right-reserved under the Constitution.

It will not be out of place to mention that previously the Control on products, sale and movement of foodgrains and the products thereof had kept the Mills idle for more than three quarters of the year and now when the restrictions removed by de-control, our hopes of revival of the business have been smashed by the change in the freight policy of your Railways. The consumers are also debarred to have the stuff of their choice at reasonable rates.

It is therefore, submitted that you may kindly review the freight policy with regard to the foodgrains and the products thereof and provide necessary relief to the Flour Milling Industry of Northern India, which now is threatened with utter ruination.

## PUNJAB

## Ludhiana Cycle Parts Suppliers' Association,

Ludhiana.

## GENERAL

There are three hundred factories here producing cycle parts and absorbing 6000 employees. This industry has been recognised by the Central Government as Cottage Industry and under the development plan a full fledged protection and support with utmost facilities is being given to it.

2. In all aspects it has been always desired that the output of manufacturing in industries should be increased and to encourage this the Government have devised plans and schemes to aid this industry. In order to achieve these objects it is fairly necessary that the output must be despatched to the markets of India where there is a marketing scope for them. Ludhiana is

the chief place where this cottage industry of cycle parts exists and to every corner of India these parts are being sent. But the tremendous trouble facing the exporters and manufacturers lies only at the most expensive railway freight (goods train). Railway Freight of cycle parts from Ludhiana to Southern India such as Madras, Travancore and Cochin, Bombay and Calcutta, is too high to compete English stuff which is being imported from England or Europe or U.S.A. far away from India.

3. It is therefore suggested that 'Cycle Parts' should also be considered along with 'Iron and Steel' to enable this market to compete the English stuff in a fair way.

## Northern India Flour Mills Association,

Amritsar.

## GENERAL

While welcoming the constitution of a committee to look into Railway Freight Structure of the country we have to point out the invidious distinction in the freight rate, of wheat and wheat flour introduced from 1-4-1955, before 1948 (subsequent to the decision delivered by the Railway Rates

Advisory Committee in the case No. XXXV of 1932. The Rolle Flour Mills, Patiala *vs.* The E. Railway) the difference between the freight rates chargeable to the traffic of wheat, gram, pulses and flour was as under:—

Distance.	Wheat.		Flour.		Difference.	Increase percentage over wheat rate.
	Rate per md. per mile.	Calculated rate per md. excluding terminal charges etc.	Rate per md. per mile.	Calculated rate per md. excluding terminal charges etc.		
1 to 75	.380	0 2 5	.380	0 2 5	Nil	Nil
76 to 100	.200	0 2 10	.380	0 3 2	0 0 4	12%
201 to 300	.200	0 6 2	.220	0 6 10	0 0 8	
301 to 600	.100	0 8 8	.150	0 10 7	0 1 11	
601 to 1000	.100	0 12 0	.115	0 14 5	0 2 5	
1000 to 1500	.100	1 0 2	.115	1 3 3	0 3 1	
1001 to 2000	.100	1 4 4	.115	1 8 1	0 3 9	

That with effect from the 1st April, 1955 in utter violation of the spirit and the letter of the Rate Advisory Committee decision the ap between the freight rates of wheat,

gram and flours thereof has been enormously increased as will be evident from the undernoted comparative Freight Rate Table:—

301 to 600	0 1 11	22%	0 4 9	30%	8%
601 to 1000	0 2 5	20%	0 6 9	31%	11%
1001 to 1500	0 3 1	19%	0 9 3	32%	13%
1501 to 2000	0 3 9	19%	1 2 7	64%	45%

This abnormal increase in the freight rate of wheat and gram flour has hit the mills of the North very hard, who have lost their important southern markets like Madras, Tuticorin, Rayapuram, Trichinopoly, Bombay and Baroda etc. prior to the imposition of restrictions on the movement; coming in the wake of shortage of food grains, about 98 to 99% gram flour, produced by the mills in the North was used to be sold in the Southern markets. Recent relaxation and decontrol once again afforded the Northern Mills an opportunity to receive and establish the prewar markets for their products but their attempts now in this direction are being foiled because of the recent freight concessions and the ceiling of Rs. 1/13/- allowed and fixed for the traffic of grains and pulses, which do not apply to flours. This great difference in the freight has very adversely affected the traffic of flour, with the result that no flour is moving to the South and other distant destinations.

To illustrate how harshly the new rates for wheat flour will operate upon the trade, we cite the instance of traffic of wheat and wheat flour from Amritsar to Madras, an important marketing centre. The freight rate for one maund of wheat from Amritsar to Madras is Rs. 1/14/- while freight rate for the same quantity, of flour is Rs. 2/9/9. The difference is Re. -/11/9/- per maund which calculates to 39% of the freight for wheat. The price difference between wheat and wheat flour is very nominal. It is hardly 10—12% above the cost price of the raw material. Had the difference in freight conformed to difference in their prices the freight rate would have been Rs. 2/1/- only instead of Rs. 2/9/9 as at present fixed.

This means that the price of Punjab Flour in Madras would be Re. -/8/9 more per maund on account of excessive freight than the price of flour milled in Madras from wheat imported from Punjab. This will put flour mills in Madras at a sure advantage over the flour mills in the Punjab as by importing wheat and milling it themselves be unfair to the consumers of the South who will be deprived of the benefit of competitive price of such daily necessities of life as wheat and gram flour. Moreover this policy of favouring one area at the cost of other is reminiscent of the old policy of the British Government in allowing preferential treatment to export to British Isles. There is no reason for this legacy of the past to exist. There are other reasons as well, for affording relief to the Milling Industry of the North, whose products have to move over long distances to the South and take a long time in transit. The flour are liable to deterioration during this period of transit as well as breeding weevils for which reasons traders generally feel chary of importing flour and always prefer import of wheat. If on the top of it, the price soars up, naturally it will sound the death knell of flour milling industries of the North.

Moreover it also runs counter to the ideas of Five Year Plan which aims at development and promotion of industry while this excessive freight rate blocks and fetters the milling industry.

We hope you will give this representation your earnest consideration and in case you require additional facts or examine witnesses, we shall be pleased to offer you our fullest co-operation.

Messrs. Rattan Chand Harjasrai (Plastics) Ltd.,

Amritsar.

#### GENERAL

We are appending our replies to the Questionnaire. We have given reply to the points which relate to our industry, Urea formaldehyde Moulding Powder and Adhesive Resins. Our industry has to import two chemicals (1) Urea, and (2) Formaldehyde from abroad. As such we are interested in presenting our case for lowering of Railway freight rates to meet the special conditions of the industry.

Revisions of Railway freight rates for the above chemicals will be an assistance for development of this industry which upto now is not able to enter into commercial production of which one of the reasons is the unbearability of the freight rate.

We hope a favourable assessment of the situation by the Committee.

#### PART I-A.

Q : 9. *Objection to the method of classification :* While qualifying tests for classification of goods are (i) prices of articles and (ii) transportation conditions, i.e. packing, we beg to submit that those two tests alone are not sufficient to enable to arrive at a proper scientifically based classification. Another

factor to influence decision should take into account, broadly, the use to which an article is to be put. That is, there must be a distinction whether an article is used as raw, or processing material for industry, or whether it is for consumption, or whether it is finished article—such considerations must be

given to ascertain how much freight burden need to be imposed on an article.

Therefore, we would, under N.O.S. chemicals, suggest following broad divisions which should guide in classifying an article:

- (1) *Unprocessed chemicals*: Abstractions in original raw-state from underneath earth or vegetation kingdom, all for industrial use. These should be in the lowest rate class with due consideration to packing and price.
- (2) *Processed chemicals*: Which are basic and main constituents of chemical processing industries, that is, these are raw-materials for conversion into chemicals products. Such chemicals are despatched ordinarily in 1 cwt. packing and consignments are in ton lots. Such chemicals should be placed in class III & IV wagon load or loose, as the case may be.
- (3) Medicinal chemicals and/or laboratory chemicals, which are in bottles of lb. packing may be classified in class XII & XIV.

*Grouping of chemicals*: There is no distinct class for industrial chemicals. While common head classify and provide for chemical defence store, chemical manures A & B, chemical photography, chemicals N.O.S. this grouping is not sufficient as it does not mark a distinct class for industrial chemicals.

Industrial chemicals or "Chemicals for processing industries" need to have a separate class for the importance given to the growth of industry in the planned economy of the country. Those chemicals which fall in this class or later are examined to fall in this class need to be all brought in this common head and each chemical rated suitably. The old method of combining all sorts of chemicals under N.O.S. leads to high rating when new rate fixing is required for the chemicals. Therefore industrial chemical must be given a separate rating policy and not combined with medicinal or laboratory chemicals.

Q:10. We submit the necessity of reclassifying some of the chemicals as required by the developing economy of the country.

We are particularly concerned about chemicals Urea Technical and chemical Formaldehyde which are presently classified under class XII and XIV respectively and their finished products Ureaformaldehyde Powder which is in X class.

These chemicals Urea technical and Formaldehyde few years back were imported only of analytical grade for medicinal or laboratory purposes, in bottle of 1 lb. packing, but the new industrial development has found their use and consumption in Plastic Powder industry. The basic conditions when these chemicals were originally classified have completely changed. We explain hereunder the claims relating necessity of reclassification of these two chemicals:—

*Urea*: There are two main grades.

- (a) *Urea technical, which is the industrial grade* and imported from abroad, has appearance of Borax and Soda ash or

Soda and is packed in strong gunny bags in bulk weight. It ought to be reclassified to come in class III & IV in view of its price, packing conditions and unbearability of present XII class. The chemicals of its kind as Bicarbonate, Acid Boric, Alumina, Barium Sulphide, Borax Soda Ash, Ammonium Phosphates all are classed in III or IV and not in class XII.

From price factor test it will be noted that its price level is almost the same as of other above mentioned chemicals. The c.i.f. price of the article is £48/- per ton and duty paid at 31½% its price per lb. works out at Re. 0-5-10. The present Railway freight rate being Rs. 6-0-2 per Md. which works out 23% of the price.

Further this chemical which is used in making of Plastic Powder—known as Ureaformaldehyde Moulding Powder is itself classified in class X. Logically raw-material Urea technical cannot be placed in higher class than the Ureaformaldehyde plastic powder which is finished article.

- (b) Other grade is Urea fertilizers manufactured by Sindri Factory which is in proper class.

*Formaldehyde*: This chemical is in liquid form and is water like in colour. It is imported in tin drums, casks or tank load. It should be classed in class 4 or 3 just as Caustic Soda liquor or Caustic Potash liquor or be classed along Rosin oils having flash point above 200. Its present class XIV is altogether prohibitive and penalising rate.

The cost price of Formaldehyde f.o.b. is £38/- per ton and its price in India is about As. 6/- per lb. and the present high rate is unbearable.

The Railway freight rate in both the above industrial and chemicals need to be brought down as these cannot bear heavy medicinal chemical rates, and their heavy burden is really standing in the way of production of finished products—Plastic powder known as Urea Formaldehyde Moulding Powder.

The above two chemicals are compounded and finished product is created. The Railway freight classification for the same also requires revision.

*Plastic Powder - Ureaformaldehyde Moulding Powder*: This class of plastic powder having to be sold in competition to foreign goods and its main consuming centre being Calcutta, Madras and Bombay and foreign countries, the Railway freight is an important factor. The goods are being produced in North India, as such the rating need to be revised to VI class which is ordinarily granted to industrial raw-materials. The plastic powder does not catch fire and packed securely in tin drums. Its present classification as X class is not proper.

Q: 44. Our industry will manufacture Ureaformaldehyde moulding powder and Urea adhesives. Custom is for price-quotation on f.o.r. destination basis.

Answers pointwise are as under:

- (a) (1) Ureaformaldehyde Moulding Powder selling price Rs. 1/6/- per lb. and

freight per lb. at the X class rate is 4½% of the f.o.r. cost.

(2) Urea Adhesive (glue) price is As. 10/- per lb. f.o.r. destination and the railway freight per lb. at VIII class works out 11% of the f.o.r. cost.

(b) Does not apply on us.

(c) Selling price at the point of receipt is not greater than accounted by the actual freight.

(d) The figures are not available as the industry is in state of growth as it having been set up only in 1953-54 and the bulk production is still to start.

The estimated average will be about 170 tons Ureaformaldehyde Moulding Powder and 80 tons (glue) Urea Adhesive

In case the figures required under question No. 44 are wanted for the raw-materials purchased for finished product Ureaformaldehyde Moulding Powder and Urea adhesive we have to state that all the price quotations are on f.o.b. basis. The main chemicals are two in number.

Pointwise answers are as under :

(a) (1) Urea Technical f.o.b. (Port) price is As. 4/6 per lb. (£48/- per ton) and the Railway freight works out 23% of the f.o.b. price.

(2) Formaldehyde f. o. b. (Port) price is As. 3/6 per lb. (£34/- per ton) and the

Railway freight works out 35% of the f.o.b. price.

(b) Does not apply.

(c) In case of the selling price at the point of receipt is not greater than accounted by actual freight charge.

(d) The industry having been started in 1953-54 only experimental production could be taken up and the total import of chemicals was about 15 tons.

Q: 48. The Development wing, Ministry of Commerce & Industry, New Delhi envisage during the Second Plan period development of Urea formaldehyde powder industry which will be able to produce about 300 to 400 tons of Ureaformaldehyde Moulding Powder.

There is only our Factory in India which is actively busy in equipping plant to undertake production of Ureaformaldehyde Moulding Powder. The nature and extent of production is envisaged as under :—

1956-57 Ureaformaldehyde Powder 200 tons.

1959-60 Production of Powder will be raised to 400 tons.

Q: 50. Quantum of new traffic will be about 200 tons and the movement during the Second Plan period will be 9000 miles.

## PART I-B.

### ANNEXURE V.

*Urea & Other chemicals* (Urea formaldehyde Moulding Powder).

Under this we are mainly concerned with two chemicals known as Ureaformaldehyde are finished product of those two known as Ureaformaldehyde Moulding Powder.

1. The weight of principal raw-materials and fuel to produce one lb. of Ureaformaldehyde Moulding Powder is :—

1 lb. Urea to manufacture 1 lb. of Ureaformaldehyde Powder.

2 lb. Formaldehyde to manufacture 1 lb. of Ureaformaldehyde Powder.

¾ lb. Pulp to manufacture 1 lb. of Ureaformaldehyde Powder.

1/8 lb. other misc. laboratory chemicals.

3-7/8 lb. total will yield 1 lb. of Ureaformaldehyde Moulding Powder. 2 lbs. fuel in addition to the above.

Q: 2. Industry was taken up in 1952-53 but due to initial difficulties of technical nature and high cost of chemicals and other initial heavy incidents regular production was not possible. From now onward it will be possible to manufacture 300 tons of finished products.

Q: 3. In our case it does not apply.

Q: 4. The average longest distance in case of raw-materials is 900 miles and there is no short distance haul.

In case of finished products—Ureaformaldehyde Moulding Powder and Rosins the

longest haul will be 1900 miles and the shortest haul will be 300 miles.

Q: 5. All the principal raw-materials are received by rail.

Q: 6. All the finished products will be despatched by rail.

Q: 7(a). The average price and Railway freight of principal raw-materials in 1954-55 are as under :—

Urea technical—f.o.b. price is Re. 0-4-6 per lb. and Railway freight works out 23% of the f.o.b. price.

Formaldehyde—f.o.b. price is Re. 0-3-6 per lb. and Railway freight works out 35% of the f.o.b. price.

(b) At present average sale price of the finished product—Ureaformaldehyde Moulding Powder is Rs. 1-6-0 per lb. ex-Factory and at important consuming centres will be Rs. 1-7-0 per lb.

Q: 8. Finished products despatch figures are not of much practical value as the experimental production quantities have been very small. As already indicated the future despatch estimates will be as under :—

300 to 400 miles — 80 tons.  
900 to 1000 miles—150 tons.

Q: 9(a). For the present mainly movement is in containers.

(b) The principal raw-material is formaldehyde which is liquid and the goods have been coming in iron drums and at times in strong casks and leakage had never occurred.



(c) There is no complaint against leakage.

(d) When goods will be required in tank wagon delivery to the ultimate stores

will be in containers. The scale of rate will not affect the distribution.

Q: 10. Does not apply.

## The Textiles Manufacturers' Association,

Amritsar.

### GENERAL

I beg to inform you that this Association being a member of the Federation of Indian Chambers of Commerce & Industry, New Delhi would not like to send a detailed reply to the Questionnaire received with your letter under acknowledgment. But there is one factor in the present Railway Freight Structure which is very adversely affecting the textile industry of this State and I shall feel obliged if the Committee are good enough to have the position examined and make suitable recommendation for the charging of lower freight rate on wool tops.

Wool tops are at present imported from abroad, mostly from U. K. and Australia. They are packed according to the international specifications but because of the tenderness of the fibre the consignments cannot be pressed except to the extent that the fibre is not damaged. The railway freight structure in India treats such bales as non-press packed bales and charges a freight rate of Re. 1/- per maund higher for the carriage of wool tops from Bombay to Amritsar, which means about 25% higher freight, which is placing the industry in Northern India under a handicap as compared with its prototype at the ports.

Following mills in Punjab are engaged in the spinning of worsted yarn from imported wool tops:

1. The New Egerton Woollen Mills, Dhariwal;
2. The Oriental Carpet Manufacturers' (India) Ltd., Cheharta;
3. The India Woollen Textile Mills, Cheharta (Amritsar);
4. The Punjab Woollen Textile Mills, Cheharta (Amritsar);
5. The Amritsar Rayon & Silk Mills Ltd., Amritsar;
6. The Oswal Woollen Mills Ludhiana;
7. The Swadeshi Manufacturing Syndicate Ltd. Ludhiana;
8. The Pearl Hosiery Textile Mills, Ludhiana.

Their total annual imports amount to about 32,000 maunds, which means an additional burden of Rs. 32,000 on the industry. It is requested that wool top bales packed as per international standard of packing be treated and charged for as press packed bales.

### RAJASTHAN

## Marble Traders' Association,

Makrana.

### GENERAL

The questions are answered in the light of Marble Industry of Makrana which is facing a heavy crisis due to heavy freight rate. Though Marble chips, Ballast and powder are loaded in wagon loads but the railway charges III class rate on R/R. The commodity is fit to be loaded under wagon

load rate or station-to-station rate but railway has neither assigned wagon load nor station-to-station rate. Hence this industry is in dire distress.

It is requested to you to consider these questions of the particular industry in a favourable manner.

### PART I-A.

Q: 1. (a) By the adoption in 1948 of the revised general classification of goods, the trade industry has been greatly affected.

The general effect of this classification on the trade and industry is the dislocation in production efficiency due to the restricted

movement of the traffic in general and high prices and high rate in particular.

The classification of 1948 has adversely affected the marble industry of Makrana in particular. Before 1948, the Marble chips, ballast and powder were transported in C/E or wagon load rate and after 1948, the wagon load rate is abolished and the commodity has been placed in class III and charged on the actual weight, with the result that the quantum of traffic has greatly fallen down and the industry is in paralysing condition, as shown in the Appendix I. It will show the general fall in export of the marble chips, powder and ballast from Makrana.

(b) The adoption in 1948 of the principles of telescopic rates on the continuous mileage over the different railways has not been helpful to the industry and trade due to the fact that the manufactured goods could not command the whole of the Indian markets and the cottage industrial products could not be marketised to a full fledged scale throughout India. There should be very low freight rates on the volume of the traffic. The flat rate was highly suitable to the industry and trade before 1948 and the fact can be ascertained from the figures shown by the Railway Ministry that the quantum of traffic has not at all increased even though India is going industrially and commercially ahead. The marble chips and powder which were transported under flat rate under class C/E are charged raw on actual weight. The freight on this commodity has comparatively risen so high and decreased the rates of traffic as shown in Appendix II.

(c) The revised structure had affected the short haul and medium haul traffic adversely. The short distance charges and terminal charges and transitional charges are so high that the short haul and medium haul traffic has been greatly hampered. The cottage industrial products of India are marketised in the near about centres and as such these markets are adversely affected due to the introduction of the rate system. The movement of traffic has been substantially affected by the changes brought about by the charges revision of the freight structure in 1948 specially the marble ballast and chips powder. The movement is restricted by the adoption of the rate system. The marble industry of Makrana is a national industry and it should command the whole of the Indian market but due to this rate system it could not even locate itself in the nearabout market.

Prior to 1948 the marble traffic had good movement towards Bombay and Calcutta and Madras and other cities of India, but due to the introduction of this system the export of marble chips and powder of Makrana has been substantially fallen down.

Q:2(a) The present rating does not present the sufficient flexibility to meet the legitimate needs of the industry with regard to the movement of raw materials and finished goods. There were many such cases which are filed by the manufacturing concerns in the Railway Rate Tribunal to the effect that due to this present rating, they could not get their raw materials and marketise their finished products economically such as the Mody Vanaspati Oil Mills and Paper Mills.

Now the Indian Industries are going ahead with their productive plans under the Five Year Plan and as such Railway should manage such flexible rate structure so that the raw materials to the industries may be available and the finished goods may be marketised throughout the nook and corner of the Indian territory more economically and efficiently. The railway administration should frame the rating policy on the important principles of cost of service and value of service and these principles should be so flexible that they may meet the industrial and commercial needs of this vast country.

(b) The railway administration has failed entirely to meet the legitimate demand of the industry and commerce in exercising its discretion of fixing the station to station rate. The Railway as carriers think of their own profits only irrespective of the fact whether a particular industry is going or going into losses. There are several instances since 1948 the Railway has abolished many station to station rates which were enjoyed prior to 1948 by many commodities. Though the railway has reported the increase in goods traffic all over India since 1948, but this fact should not be taken as correct that the rate structure has not hampered the traffic. The Railway think of their own interest. The policy should be independently framed by the Departmental Industry and commerce keeping the larger interests of Industry and such policy framed should be applicable by the railways.

Q: 3. (a) The number of class rate and wagon load rates are not adequate as prescribed. The number should be so adjusted that the commodities of various importance and uses may be grouped in one. The policy should be framed in such a manner to meet the various sizes and commodities adjustments. There should be no much difference in class rate and wagon load rate.

As India is economically going ahead, the products of the cottage industries are always loaded in class rates and as such there should be no much difference in class rates and wagon rates. There should be very little difference in charging freight on various commodities in class rates and wagon load rates.

(b) The number of legs and distance range in each leg in each of class rate and wagon load scales are not at all suitable to the traffic due to the fact that now there will be various types of commodities manufactured in India and they should be now classified in such a most efficient way so that they may be marketised to the fullest extent. There should be more legs and the distance in each leg should be shorter to meet the needs of the increased traffic.

(c) The rate per mile under each leg is not appropriate in itself and in relation to the other legs. The rate should be less .5 per mile in each leg and they should be so co-adjusted that there may be no such difference of a commodity of over-classification due to the similarity of the products in view of their utility.

There will not be so much financial effect of this modification on the railway, as the quantum of traffic will be increased and the increased traffic yield more revenues.

The Marble industry of Makrana should have a wagon load rate for marble ballast chips and powder and the small consignments when moved under class rate should also be charged a very moderate rate, which should be lower than the present rating system.

Q: 4. Under the present rating system, the commodities under class rate and wagon load rates are not charged beyond the distance of 1500 miles. This practice should remain as India is a very big country and there is no other system of transportation of finished products throughout the Indian markets, except the railways, the system of carrying the goods freely beyond 1500 miles should remain in force. The result of this will be that the railways will carry goods from one corner of India to the other corner in train loads and in this way their revenues will not be lowered in any respect.

Q: 5. These charges should be involved in the charges of conveyance. The railways are responsible for transshipment for break of gauge. As now all India railways have been the same exchequer. There is no question of loss when booked from metre gauge to the Broad gauge and vice versa. The transshipment charges should not be charged separately.

This is the case also with the terminal charges and short distance charges. These charges should not at all be levied as they will hamper the industrial progress of the country. The raw materials and finished products of the small and big industries when procured and marketed in the neighbouring centres will not be able to stand economically in the competitive markets. These charges are harmful specially for cottage industries.

Q: 6. The distance unit for charge should not be raised, though traffic is moved far and wide. The present limit of one mile is quite sufficient to meet the legitimate demands of the railways.

Q: 7. The minimum distance of 20 miles should be altered. There should be the minimum charges for 10 miles as charged previously by the railways. The railway should also not allow the other carriers such as road transporters to compete unnecessarily and as such minimum distance be only 10 miles.

Q: 8. The charge for haulage of empty tank wagons to the loading stations should be abolished. As these tanks are specially made for oil and oil products and their haulage is included in the charge of conveyance and as such there should be no other charges. The oil is the raw product to the industry and as such it should be economically moved.

Q: 9. The grouping of commodities under the present rating system is not satisfactory. The classification and grouping need be governed by some principles. The cost of service and value of service are the two guiding factors in classifying a commodity. The classification must be based on the real distinction on a transportation point of view. The primary purpose of a freight classification is to assign each article or a group of articles, to a class according to well known classification principles or elements which recognise distinction

from a transportation stand point, along fairly broad lines in order to meet the needs of commerce and industry. None of the principles and elements should be contradicted but all that are relevant should be considered. Among them are weight per cubic foot, and value per md. as packed for loading, liability to loss, damage, wastage or theft in transit, likelihood of injury to other freight with which it may be in contact, risks due to hazardous of carriers, kind of containers or packages as bearing upon the matter of liability of risk, expense of, and care of handling, rating on analogous articles, fair relation of ratings as between all articles, competition between articles of different description but largely used for similar purposes, commercial conditions, units of scales, trade conditions, value of service, volume of movements in the entire country are the main governing factors, for classifying the commodities. The present grouping should be enlarged, the rating should be on the alternative principles.

As regards the marble industry, it is to be pointed out that the marble chips, powder and ballast though moved in wagon are charged the class rate at 3 R. R. under the present rating system. The marble chips powder and ballast are of building nature and as such from characteristics of their transportation point of view, this commodity should have been classified under lime stone or stone N.O.C. and should have transported under the wagon load rate. The principles of value and cost of service while considering this commodity it may be rightly classified under the wagon load scale rates.

Q: 10. Already answered in the previous question.

Q: 11. The grouping and classification of marble is rightly done under the present tariff. The marble should be grouped with other building materials such as lime, lime stone and stone N.O.C. and be classified under wagon load rates. There are many such instances where grouping and classification are not correct.

Q: 12. The rates for traffic moving in smalls and wagon loads should be co-adjusted. The rates for smalls should not be higher than the wagon load rates in the vast category. There should be little margin so that the raw materials for the cottage industries and the finished products of the same, procured and sold economically.

Q: 12, 13, 14. Nil.

Q: 15. All the commodities carried by goods train up to a minimum weight ought to be placed under one class and minimum weight for this matter be 7 seers.

Q: 16. (i) Yes. The minimum weight condition for qualifying wagon load rate should be 160 mds for metre gauge and 320 mds for broad gauge.

(ii) There should be no extra charge for movement in smalls. The wagon load rates should be quoted for all the commodities when fulfilling the condition of wagons load of half of the wagon load rate.

(iii) Reduced freights should be quoted when loading the wagon beyond the minimum weight condition.

Q: 17. We advocate the train load rates apart from the existing rate, such train load

rates should be on the heavy and building commodities moved from one corner to another corner of India. Heavy commodities when manufactured in Punjab and Kashmir and loaded to Travancore-Cochin should have the train load rate. The minimum load for train load rates should be too high so the railways may not undergo a financial loss.

Q: 18. There should be an additional charge for the special express goods services.

Q: 19. The supplying of cranes by the railways for loading and unloading of heavy consignments should be made at most on moderate rates. Such arrangements can only be made by railways which may be helpful to commerce and industries.

Q: 20. Nil.

Q: 21. (a) The short distance as suggested by us is only ten miles and as such below 10 miles the other carriers will have got the chance to move the traffic.

(b) Yes, the freight should be adjusted on the line of short distance that it may be carried by alternative means.

(c) The freight structure should be so adjusted that traffic may be carried by the coastal shipping in order to remove the strain on Railways.

Q: 22. As India is advancing in means of Transportations, so there is every likelihood that such transportations means will be in competition with the Roads. To remove such competition, Railways should reduce the short distance charges to such extent so that other carriers may not compete.

Q: 23. Yes, we advocate a freight pool for moving the essential traffic for national importance over long distances. Such a pool is very essential for the commodities like coal, Iron and Steel, Kerosine Oil, Petrol, Cement, Chemical manures and Salt etc. Among these commodities marble should also be added as marble is mined and manufactured in Makrana the very heart of Rajasthan. It is to be transported all over India. There is other marble industry except Makrana in Rajasthan and as such Makrana marble is to capture all Indian markets in competition with the Italian imported marble. So it is very essential to be included in the Freight pool which may be operated either on all India basis or Zonal basis. Although cement, chemical manures, salts and iron & steel will be manufactured in various demand of their neighbouring centres but marble being manufactured or mined only in one place in India, viz. Makrana, it should at all cost be operated by freight pool.

Q: 24. We advocate a uniform pooled freight on all raw jute brought to Calcutta.

Q: 25. The appropriate Government Agency should work the freight Pool.

Q: 26. Due to increased productive efficiency, the present freight structure should be revised. No doubt, the railways are planning for the more rolling stocks and capital goods, but such expenses will be met by the increased traffic due to the rapid production under the First and Second Five Year Plans. The Railways should reduce the freight structure by

50% to move the raw materials and finished goods of the industries and commerce. This reduction will be met by the increased traffic and the country achieve marvellous progress.

Q: 27. In spite of the Railway Board's instruction, the railways have not waived the short distances without sufficient reasons. They have turned down the requests to meet the legitimate demand of the Industry.

Q: 28. Since 1948, it has been requested many times to the Railways for the quotations of station-to-station rates or for the reduction of rates for a particular commodity or commodities. The railways have made certain departmental enquiries on such applications and have not granted the station-to-station or reduced rates simply on the fact that what the traffic can bear, it is liable to be charged. Since 1948 India is achieving progress and exports on certain commodities are likely to be increased in view of their national importance. Such commodities, though should be moved on station-to-station rates or reduced rates but the railways have not granted such rates with the result that expected achievement is hindered as for marble Industry as it is cited to you that the station-to-station or reduced rates have been requested many times but such requests have been turned down simply on the fact that reasonable quantum of traffic has not been affected. It means the doctor will come to save the man when he is dead. When the marble industry will die totally then the railway will come for rescue. Prior to 1948 Makrana exported 65,000 maunds of marble whereas after the introduction of this Tariff it has exported only 46,000 maunds afterwards. When the Italina mines were closed and India, Makrana marble industry should have achieved marvellous productive progress due to its far falanged local markets. The exports figures of Makrana marbles should have gone upto lakhs of maunds, but this new Tariff has *nipped the industry in the bud*. The appendix is showing the decrease of the product of marble, attached herewith III.

Q: 29. The revision of the freight structure in 1948 involved the adoption of the principles of telescopic rate on the continuous mileage of the different railways and the abolition of number of station-to-station rates has adversely affected the trade and industry and the industrial development of the country. Though the railway administration has denied the adverse effect of this freight structure on the Industry and Commerce as a whole by showing some increased figures of various years as shown in Appendix III are highly unjustified. Since 1948 India should have achieved a very marvellous progress industrially and commercially if freight barriers have not hampered its progress. The quantum of traffic would have been thousand times more than as shown in the said appendix, as cited above. The marble industry has been most badly affected. The livelihood of 20,000 persons of Makrana together with the industrial and commercial importance of their national industry, are in a helpless condition.

The freight structure should be thoroughly revised and the classification and grouping of the commodities be so adjusted as to

meet the increased proper demand of the industry and commerce. The freight rate should be lowered to 50% as suggested above.

Q: 30. In order to foster the development of the new industries and to assist the export trade, the station-to-station rates should be quoted on a large scale from the centre of production to the port, the rates should be so low that the finished products of the industry may capture the foreign markets in comparison with other goods. Such reduced rate will foster the development of the new industries by securing greater markets and better prices and by utilizing the services to the fullest extent of the railways.

Q: 31. Already answered in 9 & 10.

Q: 32. Yes, the freight structure should be utilized for the development of all the new industries and other interests which are in conflict with the foreign competition. The railway should help to nourish the small scale and cottage industries and new born industries in India.

Q: 33. No, we don't advocate such distinction between the newly planned industries by the Railway Administration and the industries already in existence.

Q: 34. There should be no charges on the basis of inflated mileage for a limited period on the new lines which may be required to be constructed in undeveloped areas.

Q: 35. As cited above we have suggested that there should be reduction by 50% in the present policy in order to achieve double objective of facilitating the economic and industrial development of the country and securing the adequate revenues for the railways. In the next Five Year Plan India is to achieve a high productive efficiency and that production is to be transported alone by the railways throughout the country and even to the foreign markets such increased transportation will fetch more additional revenues to the railways. Railways have to incur only the maintenance cost due to the investment of large capital both in the construction of new lines and in the provision of rolling stock and other facilities but the operating cost of the railway will be the same. So these charges can be easily met with the increased revenues which will yield due to increased quantum of traffic in the next Five Year Plan.

Q: 36. The railway should meet these charges of constructing godowns and warehouses out of the current revenues.

Q: 37. In the Second Five Year Plan the development of the village cottage industries will be far and wide. To assist such industries, the Railway should group the handicraft under one category and freight rate on such category lower than the machine made goods. The freight policy should be framed and modified so that art of artisans and the labour of the worker should be respected. Such products should be placed under the lower freight rate than the machine made goods.

Q: 38. The general policy of the Government, to control or to fix ceiling for the prices of a particular commodity or commodities affected the charging freight rates.

It should be framed so as to be not contradictory with the normal principles which railways follow. The prices of raw materials and the finished products should in no way marred the industrial progress and productive efficiency due to any freight structure, where Government fail to rescue, the Railway should come to help and *vice versa*.

Q: 39. There are certain commodities which should be carried below the cost of transport. Such commodities should be classified under the commodities for existence of life as India is to achieve progress in all respects it is essential to raise the standard of living of the masses and to keep the existence of the nation to a certain level. Such commodities should be carried below the cost of transport.

Q: 40. The financial stability of the railways will not be disturbed by the low freight rate structure. The high rated traffic will move in substantial quantities throughout India which will increase the financial resources of the railway along with the earning percentage of Railways, because of no rivals. So no question of loss to the exchequer in this socialistic pattern of society arises.

Q: 41. India is to achieve a marvellous industrial productive efficiency so as to export surplus goods. So freight policy should be flexible for competition. There should be no stable rates of such exportable commodities.

Q: 42. In the post war period, the war industries were producing goods without any break down. Such production was further enhanced when the country became independent. The productive efficiency of India would have risen to such a high level that apart from securing the home markets, the country products would have captured the war theatre markets. After the war, the European and Asian countries have not healed their wounds when Indian Industries were producing goods such production was hit hard by the introduction of the new freight rate structure in 1948. The industries came to stand still, productive efficiency lowered and many enterprises went out of existence. So quantum of traffic and reduction in direction and range of movement of commodities came to stand still.

Q: 43. The freight policy adopted in 1948 has neither located nor developed the industry and trade but it has ruined. We will cite the case of Marble Industry of Makrana which should have developed to a greater extent and must have been localised in the stronger way but in vain.

(a) Nil.

(b) The prices are quoted F. O. R. forwarding station. The cost and selling price along with the proportionate freight is shown in App. IV.

(c) Nil.

(d) All figures are shown in App. IV.

Q: 45, 46, 47. Nil.

Q: (48 to 53) As Rajasthan is most backward industrially state Government have planned to exploit the marble and minerals in the most extensive on public and private.



sectors. The mineral resources of Rajasthan have already been tapped and being a raw material to the major national industries, they are to be moved quickly and economically. The gypsum of Badvasi and Kavas the coal of plana are to be moved to feed the fertilizer products of India along with this traffic and other building materials. Rajasthan region requires great transporting facilities to move the increased quantum of traffic in the next Five Year Plan in the Public and Private Sectors.

As marble industry is localised in Makrana in Rajasthan, the products of the industry, such as marble chips and powder is to be sent in every nook and corner of the country of India for feeding Mosaic Tiles Industry, Glass, Pottery and Building Industries. Makrana is the only place in India or rather say in Asia where marble is mined and manufactured on large scale to meet the home demand in competition with the Italiana marble. Demand is increasing due to high standard of living. If suitable low

wagon load rate is not provided to this traffic together with the station-to-station rate for the important ports like Bombay, Calcutta and Madras there is every likelihood of going down this industry to the Italian competition and unavailability of the full-fledged markets and as such the productive target under the next Five Year Plan will not be achieved.

Q: 54. Basic principles have been discussed in Q. 9.

Q: 55. The future freight structure of the railway should be so simplified so that a layman may understand and calculate the overhead expenses on his products without any reference to the railway authorities.

The railway freight structure should be framed in such a manner so as a cottage or village worker may be benefitted and his newly artistic product may come under the lowest classification.

## PART I-B.

### ANNEXURE VII

1. The production figures have already been given, in App. No. III.

2. The average price at pits mouth during these years is also given in the same Appendix.

3. The questions have already been answered in Part A.

4. The quantum of traffic moving by rail is upto 1200 miles. Beyond this mileage we are unable to despatch marble. Upto these mileages also, the demand is not steady.

The comparative chart of cost price and freight in relation to each other will show that the heavy freight rate on marble chips powder has highly hampered not even the developments of new markets but has minimised the demand of these goods in the existing markets.

5 & 6. No.

7. As our traffic is bulky in nature and of low cost value, the traffic cannot be moved by road.

### APPENDIX No. I

Years	Total mds. Produced	Prices at pits mouth
1944-45	4,48,888—6	4 0 0 per ton
1945-46	4,73,205—36	4 8 0 „
1946-47	4,80,033—15	4 8 0 „
1947-48	5,30,065—10	5 0 0 „
1948-49	6,49,114—14	5 8 8 „
1949-50	4,64,053—21	5 12 0 „
1950-51	5,20,462	5 12 0 „
1951-52	5,33,630	6 0 0 „
1952-53	4,66,704—31	6 0 0 „

### APPENDIX No. II

#### Prices for 1948 and onwards

Station to station special rates	Bombay	Howrah	Delhi	Madras
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Scheduled rate 1948	0 8 10	0 10 3	0 3 10	—
1947	0 9 7	0 14 1	0 4 5	—
New Tariff 1948	2 1 11	2 14 6	0 11 10	4 3 1
At present	2 1 6	2 13 6	0 14 6	—

## APPENDIX No. III

Total	Production Mds.	Exports
1945	6,09,060	4,48,886— 6
1946	5,58,345	4,73,205—36
1947	7,08,880	4,84,033— 1
1948	7,19,990	6,49,114—14
1949	7,23,945	6,32,432— 2
1950	6,03,950	4,64,053—21
1951	5,59,457	5,20,462— 0
1952	5,48,916	5,33,630— 0
1953	5,03,998	4,66,704—31

## APPENDIX No. IV

Years	Marble Powder			Chips and Tiles			Ballast			
	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	
1945—46	2	0	0 to 2 8 0	per md.	1	8	0 to 1 12 0	0	8	0 per md.
1946—47	2	0	0 to 2 8 0	„	1	8	0 to 1 12 0	0	8	0
1947—48	1	12	0 to 2 0 0	„	1	4	0 to 1 8 0	0	6	0
1948—49	1	4	0 to 1 8 0	„	1	4	0 to 1 8 0	0	5	0
1950—51	1	2	0 to 1 6 0	„	1	4	0 to 1 8 0	0	4	0
1951—52	1	0	0 to 1 2 0	„	1	2	0 to 1 4 0	0	4	0
1952—53	0	12	0 to 0 14 0	„	1	0	0 to 1 4 0	0	4	0

Jain Metal Works,  
Nagaur (Rajasthan)

## PART I-A

Q: 5. (a) Terminal charges should be completely abolished. It is an extra burden on the consignors.

(b) Short Distance—6 pies terminal charges on distance below 75 miles is quite un-necessary and great burden on the public. All consignments should be charged on actual mileage.

As for example—we submit the question of Brass-wares, it is booked at 9th class rate at Railway Risk and at 8th class at owners' risk. Packing as required under the Rule per P/22. is never practicable to pack the brass-wares consignments in wooden boxes or metal boxes. This gives 3 to 4 rupees extra charges per box with a material of costing about 40 to 50 rupees a lot. If they are packed in even double baggings, they are not accepted as per Railway Rules and marks against the packing conditions, given on RR. This must be revised otherwise, what is the use of giving the RR & OR rates if they are not accepted with the remarks. The packing condition in this respect must be not more than the double baggings. In this case the Railway can also be safe and the merchants as well.

Q: 29. The difference of changing the rates on different sections of Indian Railways is still going on. As such a Station situated on S.S. light Railway and in this case if a consignment is booked from Nagaur to a

station situated on S.S. Railway the rates are calculated separately from Nagaur to Delhi-Sahadara and again from Delhi — Sahadara to that particular station on the system prescribed on that Railway. This puts a great exaggeration to the public. This should be abolished and the uniformity of the telescopic rates should be carried out on Railways on one common point, which will enable the merchants to find out the rates easily.

Q: 7 & 13. Charges for minimum 20 miles is more and quite unnecessary for the public. When consignment is moved from our station, say, within 5 miles, the rates may come as per standard happens to be about 6 pies per maund and one anna 4 pies terminal charge goes on both sides. This means 1 anna 10 pies for the consignment of 10 maunds as per the procedure. In the telescopic rates for charging the minimum 20 Miles and Plus terminal charges and plus short distance charges comes to 1 anna 5 pies for brass-pots plus 6 pies plus 1 anna 4 pies comes to be 3 annas 3 pies for the very 10 maunds while as it would be about 2 annas 1 pie.

Q: 23. Re. Coal transport.....We don't support for pulling the Coal, which is the cheapest commodity as well as the most essential for the industrial concerns and the levy of -/8/- per Ton the extra duty should henceforth be abolished.

Associated Stone Industries (Kotah) Ltd.,  
Ramganjmandi.

---

GENERAL

The freight at present fixed for transporting stone is too high and needs an appreciable reduction. The rates that exist at present are practically double than the rates existed prior to 1948, with the result that our industry is suffering a great set back.

Our flooring stone is an essential commodity for building purposes and the best form of flooring when compared to any other kind of flooring such as cement etc., as it is more durable, economical and does not require any maintenance and the increase in the cost of transport had resulted by an overall enhancement of rates of stones making the use of the same by common man as prohibitive. The rate of cement is uniform at any place in India, as the freight on cement is at a fixed rate, whereas the freight on stone will increase on the distance of the place to which it is transported and the people have consequently to take to cement and other kinds of flooring instead of stone flooring.

We, therefore, lay down a few remedial measures in the present rates structure so that our industry may have full scope for growth and development and contribute to meet with need of the general public and the development of the country in

consequence :—

- (1) Reduction in the freight rates.
- (2) Rate for a rake of 30 wagons should be fixed at a concession rate of at least 25%.
- (3) The freight structure based on the mileage system needs a change. The rate should be fixed on a slay system of 100 miles each rather than on each mileage.
- (4) Before 1926, concession rates on stoneware allowed by Railway during monsoon, when transport of other commodities was at a stand-still. This concession should be restored so as to encourage the industry.
- (5) Transhipment charge for break of gauge is very excessive. It needs reduction.
- (6) The classification of stones should be altered so as to conform with the classification of other essential commodities such as steel, cement etc.
- (7) Adequate arrangements should be made by Railways to overcome transport difficulties and wagon shortage.

SAURASHTRA.

The Saurashtra Inland Salt Manufacturers' Association,  
Dhrangadhra.

---

PART I-A

Q: 1. (a) Since Salt began to move from Kuda (Dhrangadhra) in appreciable quantities only from 1949-50, the effect of the adoption in 1948 of the revised general classification of goods in comparison with the previous classification, is not known to this Association.

(b & c) The telescopic rates seem to be helpful to the Salt Industry in this part of the country.

Q: 2. (a & b) The present rating arrangement adopted by the Railway for the transport of raw material - salt - required for industrial purposes, along the short distance from the saltworks at Kuda to Chemical Works at Dhrangadhra is on the high side. The arrangement which was in force previously and which was modified at the beginning of this year was appropriate and it might be re-introduced.

Q: 3. (i & ii) The present class rates and wagon-load scales may be continued. No modifications in the number of 'legs' and the distance charge or rate per mile is suggested.

Q: 4. No change required.

Q: 5. (i) Terminal charge for traffic in wagon load where loading and unloading is done by owners might be reduced substantially, as it is unduly high when compared with the charge leviable if loading and unloading is done by the Railway.

(ii) This might be suitably reduced, if there is no intention to penalise short distance traffic.

(iii) Transhipment charge for break of gauge, which was not levied before 1948, requires to be suitably reduced as the transhipment in several instances is a

matter of Railway operational convenience for routing purposes. The charge being small, the Railway may bear it.

Q: 6. The present distance unit for charges need not be raised.

Q: 7. The minimum distance for charge requires to be reduced to 10 miles as before. A minimum charge should not be levied for 20 miles as is being done at present to foster the traffic within 20 miles. Large quantities of salt has to be railed from Kuda to the Dhrangadhra Chemical Works which is about 12 miles distant and compared to the price of salt the transport charges form a burden on the Heavy Chemical Industry.

Q: 8. Not concerned.

Q: 9. No comments.

Q: 10. The present classification may be continued.

Q: 11 to 13. No.

Q: 14 & 15. No remarks.

Q: 16. Since last year on the section between Kuda-Dhrangadhra-Surendranagar a distance of only 35 miles the Railway Authorities have applied axle-load capacity for M. G. wagon whereas previously this condition did not apply and a wagon could be loaded with salt to its full capacity. Now this cannot be done, with the result that the same wagon which travels onwards for hundreds of miles does so, with a lighter load. It is suggested that the order be rescinded to make full use of the wagon along the entire distance, without being unduly pessimistic.

Q: 17. At present block trains are run for carrying salt to destinations on the same line involving no break of gauge. To these block trains, if the "train load rates" are applied, it would be an economical arrangement both to the Railway and traders. To encourage industry, this suggestion might be considered.

Q: 18. It would be advisable to introduce the special express goods service, if it could be introduced on charging reasonable extra rate, so as not to form a burden on the trade. In the long run it will be helpful to the Industry of the country as a whole.

Q: 19 & 20. Not concerned.

Q: 21. The Railway as a public carrier ought not to deny any traffic whether for short or long distance as a matter of course; otherwise, it is feared that in the absence of control on rates, the owners of alternative modes of transport would take undue advantage.

Q: 22. No practical experience.

Q: 23. Regional freight pool might be helpful to consumers and even industrial concerns but not country-wide. If it is to be applied it should extend to the commodities mentioned in this question. A state might form a Regional unit.

Q: 24. No concern.

Q: 25. The freight pool should be worked by Regional Committees consisting of equal number of members of the three parties mentioned in this question, with one of the Government representative as Chairman.

Q: 26. Increase in rates is not desirable. It will retard economical development of Industries.

Q: 27 & 28. The Example of the Dhrangadhra Chemical Works Ltd, can be quoted. In the past, for several years the firm was given concession in recovering transport charges on salt from Kuda to their factory at Dhrangadhra—12 miles. This concession was withdrawn this year and a minimum charge of 20 miles is being recovered. The factory is using from this year 75,000 tons of Salt annually as raw material. The burden therefore falls heavily; and so the previous arrangement might be restored.

Q: 29 & 30. Being new comers we are not in a position to express an opinion.

Q: 31. No comments to offer.

Q: 32 & 33. Distinction in Railway freight rates, is not considered equitable or suitable method of assisting new Industries. There are other ways and means to assist development of new Industries. But in respect of under-developed areas, special consideration might be given.

Q: 34. These indirect methods are to be deprecated.

Q: 35 & 36. To achieve dual object, very strict observance of economy in all directions is absolutely necessary. If determined efforts are made at all stages of Railway Administration, a great deal could be achieved in a comparatively smaller space of time and the Industrial Development of the country augmented on unprecedented scale. There is room for improvement in ways and means of purchasing materials, locomotives, wagons, stores, tools, equipment; and in method of preparing estimates for works and system of actual construction and in thousand and one other matters, connected with the Railway working—even quick disposal of scrap. All this economy in expenditure would go a long way to spare funds for expanding railway mileage. A socialised pattern of Railway Administration seems to be the burning question of the day; and from it will proceed and grow the Industrial Prosperity of the Country, is our firm belief and the article of faith.

Q: 37 & 38. No comments.

Q: 39. Not known.

Q: 40. Please see replies to questions 35 and 36.

Q: 41. Stable rates are preferable to flexible rates which only give rise to speculation or to varying winds of influence and inopportunities.

Q: 42. In respect of salt, Zonal System of movement having been adopted with the concurrence of the Railway Ministry, there has been hardly any change.

Q: 43. Freight rate policy adopted in 1948 seems to have enlarged the sphere of influence over distant markets, which is to be welcomed.

Q: 44. (b) Dhrangadhra salt is sold F.O.R. despatching station and the cost of salt inclusive of cost of gunny bag for packing, Govt. Cess, Royalty and Ground Rent is at present about Rs. 1-2-6 per Md and the average distance to which it is supplied is about 1000 miles. The average Railway freight is slightly higher than the F.O.R. price

of salt at despatching station i.e. about Rs. 1-3-0 to Rs. 1-4-0. The selling prices are about 20% higher than the landed cost of salt at the destinations. There were hardly any removals previous to 1948-49. So comparative figures cannot be quoted.

Q: 45, 46 & 47. Not concerned.

Q: 48 to 53. The inland salt producing centres are not likely to be affected either in private or public sector during the Second Plan year, as consumption of salt in India is inelastic. Already there is over-production and Inland salt cannot be exported owing to their Inland Geographical situation-away from a port.

Q: 54 & 55. Salt is mostly required for human consumption in India and to a smaller degree for Agricultural use as manure and for Industrial use. At the place of manufacture its cost is low. The packing charges are almost equal to the cost of production. Being bulky its handling etc. is costly. So far freight purposes, Salt might be placed in the lowest category applicable—say the freight structure applicable to agricultural produce.

#### PART 1-B.

Q: 1. No raw material or fuel is required to produce salt, which is done by solar evaporation.

Q: 2. 1938-39 and 1947-48. Salt works did not exist except that of the Dhrangadhra Chemical Works Ltd., which produced salt for industrial use of their factories.

1952-53	41,92,000 Mds.
1953-54	67,42,000 "
1954-55	28,47,000 "

Q: 3. No change in the distance of haulage as in the salt zonal scheme introduced since 1950 practically the same markets are allotted year to year.

Q: 4. Longest distance is about 1,200 miles and shortest distance is about 12 miles.

Q: 5. Nil.

Q: 6. Yes (Road removals are negligible and no Sea or River removals practical).

Q: 7(a). Nil.

(b) 1954-55 Average price of finished product (salt) inclusive of Government dues and cost of packing material etc. at manufacturing point was Rs. 1-2-6 per md. At the consuming centres about Rs. 3-0-0 to Rs. 3-8-0 (Railway freight and overhead charges included).

1938-39 to 1947-48. No despatches.

Q: 8. Considering the fact that large quantities of salt are despatched from the despatching stations in the Dhrangadhra supply area to the numerous stations in the various States to which the salt is despatched according to the Salt Zonal Scheme, it would be an enormous task to classify each station according to the table of distances specified in this question and to ascertain the figures of total despatches under each distance-leg. But to give the Committee Member an idea of the distances and the quantity removed to some of the distance-legs, in each of the States, during the year 1953-54, particulars are given below—

Name of the State.	Average distance	Quantity removed
	Miles.	B. Mds.
1 Saurashtra.	1 to 12	** 8,66,000 (for industry)
do	13 to 50	62,000
2. North Gujarat.	51 to 100	1,11,000
3. Madhya Bharat.	301 to 400	3,01,000
(Via Ratlam)		
Madhya Bharat		
(Via Marwar)	501 to 600	2,01,000
4. Rajastan.	401 to 500	25,000
5. Uttar Pradesh	601 to 700	17,94,000
6. Madhya Pradesh	701 to 800	1,71,000
7. Vindhya Pradesh	801 to 900	22,000
8. Nepal	1,001 to 1,100	4,66,000
9 Bihar.	1,001 to 1,200	5,73,000

\*\* From 1955-56 the quantity will be about 16,00,000 Mds.

The Parshuram Pottery Works, Ltd.,  
Morvi.

#### PART 1-A.

Q: 4. The present practice of not charging any freight for the transport of commodities like coal beyond 1500 miles should be extended to all commodities. Not only that but this distance should be reduced to 1200 miles in view of the great length and breadth of our country. We have to market our

products in places like Calcutta, Madras etc and due to long distances, the final cost at such market places is very heavy. Hence the distance should be reduced to 1200 miles and beyond this distance no freight should be charged



Q: 7. We are experiencing considerable difficulties due to the introduction of levy of minimum distance charge of 20 miles for goods traffic.

We are getting our raw clay-the main item in the manufacture of our products-from nearby station of Makansar which is at a distance of only six miles from our factory station. Formerly we had a special concessional rate for this material and also it was charged for the actual distance.

At present if the present rate of freight for actual distance is charged, the freight will be Re. 0-1-8 per B.Md. while due to this condition of minimum distance of 20 miles it comes to Re. 0-2-1 per md. Our traffic for this type of material is very huge, and since the railway freight is now considerably increased we are obliged to move this material by road. So it is absolutely necessary to remove this condition and also to provide special station to station rate of freight which can stand in competition with such rate by road.

Q: 10. At present no classification is made for our by-products viz. broken segar pieces which should be classified under the classification of Refractory brick. In absence of classification of this material, we are experiencing difficulties and hence it is requested that this material viz. Broken segar pieces be classified under class I.R.R. WL/F.R.R. which is for Refractory Bricks.

Q: 16. The minimum wagonload weight condition specified for stoneware goods in W/300 for BG and W/240 for M.G. Many a time two MG wagons or one Bogie of 8 wheels supplied for BG indent cannot accommodate 300 mds, and M.G. wagons supplied for M.G. indent cannot accommodate W/240 of stone-ware articles as they are bulky in size on account of small area of the wagons with the result that lesser than specified

minimum weights can be loaded while the freight is charged for W/300 for BG and W/240 for MG and thus we are put to heavy loss.

It is, therefore, requested that the minimum weight condition for wagonload for stoneware/earthenware should be reduced to W/240 for BG and W/240 for MG.

Q: 27. At present short distance charge of Re. 0-0-6 per B. Md. per mileage below 75 miles is charged.

As our finished goods are also despatched to stations in Saurashtra which are within 75 miles and also we receive some raw materials from the stations situated within 75 miles, we are required to pay this short distance charge of Re. 0-0-6 per md. which unnecessarily increasing our cost of production.

Looking to the short distance of the market places, it is requested that this short distance charge may be waived altogether.

Q: 28. When there was Morvi Railway, the State had granted special station-to-station rates for our essential raw materials, due to the fact that the sources of raw materials are situated at a great distance.

Since the integration of the State Railways, these station-to-station rates are abolished with the result that we are made to pay very heavy Railway Freight on all our raw materials particularly clay as minimum distance charge for 20 miles, and short distance charge etc., are not levied. We are giving in the attached list our main raw materials and their sources etc., from which it will be cleared that the freight charges are far more than the actual costs of the materials. It is, therefore, requested that our request for station-to-station rate may be considered favourably for materials mentioned in the list attached.

## PART I-B

### ANNEXURE V

Q: 2. (On the basis of gross sales) production figures are as under:—

1938—39	...	...	Rs. 4,40,398
1947—48	...	...	25,97,104
1952—53	...	...	37,48,621
1953—54	...	...	37,83,437
1954—55	...	...	40,15,000

Q: 7. (a)

Name of raw materials	Felspar			Quartz			Gypsum			Bauxite			Chinaclay			Coal		
	1			2			3			4			5			6		
Rate per ton at source	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
1938—39	6	0	0	6	0	0	Not available			—			35	0	0	5	0	0
1947—48	11	0	0	9	0	0	—			40	0	0	145	0	0	18	0	0
1954—55	12	0	0	10	0	0	30	0	0	50	0	0	113	0	0	15	7	0
Freight per ton																		
1938—39	10	0	0	9	0	0	—			—			8	9	0	12	0	0
1947—48	18	0	0	18	0	0	—			43	8	0	10	6	0	20	1	0
1954—55	18	0	0	18	0	0	22	8	0	43	8	0	10	8	0	24	0	0

Name of raw materials	Felspar	Quartz	Gypsum	Bauxite	Chinaclay	Coal
	1	2	3	4	5	6
Distance in miles	405	405	574	1374	181	1350
Approx. Yearly requirements	2500 tons	1500 tons	350 tons	500 tons	2000 tons	2000 tons
% of freight on the cost of raw materials	150%	175%	75%	80%	11%	
	Ajmer Beawar	Ajmer Beawar	Jamsar	Salem	Vijapur	Ondal

(1954—55 figures)

Our factory stations are : Nazarbagh, Than, Wankaner and Dhrangdhra. The above figures are quite approximate.

Q : 8.

						Rs.	a.	p.
(i)	1 to 50 miles	...	...	...	...	3,13,571	3	3
(ii)	51 to 100 miles	...	...	...	...	34,363	5	6
(iii)	101 to 200 miles	...	...	...	...	4,43,671	0	9
(iv)	201 to 300 miles	...	...	...	...	2,94,228	15	6
(v)	301 to 400 miles	...	...	...	...	52,727	3	9
(vi)	401 to 500 miles	...	...	...	...	9,99,031	10	0
(vii)	501 to 600 miles	...	...	...	...	1,61,746	2	6
(viii)	601 to 700 miles	...	...	...	...	3,38,304	1	0
(ix)	701 to 800 miles	...	...	...	...	1,19,159	6	3
(x)	801 to 900 miles	...	...	...	...	1,10,623	7	0
(xi)	901 to 1000 miles	...	...	...	...	91,707	13	6
(xii)	1001 to 1200 miles	...	...	...	...	3,073	8	6
(xiii)	1201 to 1300 miles	...	...	...	...	2,18,282	3	0
(xiv)	Beyond 1500 miles	...	...	...	...	...		

## Porbandar Industrial Association

Porbandar.

### GENERAL

With a view to the realisation of the socialistic pattern of society, our State has accepted the basic principles of increasing the production of goods and services, both in the public and the private sectors, by a judicious utilisation of capital and raw material resources in the country. A prominent place has been given to rapid industrialisation of several basic industries and the Government has assured necessary assistance in the implementation of targets of industrial production in the frame of the Second Five Year Plan.

Following on the basis of these outlined above, the development of under-developed and undeveloped regions on the Western Coast of India, more especially Kutch, Saurashtra and Gujarat and other parts, necessitate an immediate examination of the freight structure existing on the Railways.

In the context of historical circumstances, our roads and railways have remained more or less neglected and have suffered from a lack of co-ordination during the regime of Rulers in the past. Similar con-

ditions have prevailed in Kutch, parts of Gujarat and in some regions of the Western Coast of India with the result that these regions have been deprived of possible benefits of a well-co-ordinated and properly integrated system of transport which has existed with its faults and handicaps.

The Indian Railways have been entrenched as a monopoly in the field of long-distance transport in our country, and it is possible that the chastening influences of competing river, road or sea transport being absent, the necessary corrections in the fields of freight, economy or efficiency may have been non-existent in the Railway policy.

2. *Freight Rates & Industrialisation Policy* :— Moreover the targets to be achieved under the Industrial Policy for the Second Five Year Plan would require a vigilant and flexible freight policy on the Railways. Transport of huge quantities of either raw materials or finished products, and more especially of coal which is still the only basic fuel for all major industries presupposes an attrac-

tive and cheap rate of freight. It will be seen from Annexure No. 1 that for important industrial towns of Gujarat, Saurashtra and Kutch, which are located at very long distances from the coal field the cost of coal and railway freight becomes so heavy that the necessary incentive for industrialisation of these under-developed regions remains weak. It is axiomatic that basic industries should be encouraged in attractive regions where abundance of raw-materials, labour and a few other facilities are available. On the contrary, it is evident that industries are attracted and become concentrated in the proximity of coal fields or cheap electric power to the detriment of an evenly developed national economy partly on account of the existing wide disparities in coal freights. To correct and improve such an unhealthy trend of centralisation of industries near the coal fields, a policy of deep long-distance freights on the railways should be devised.

3. *Industries in Gujarat, Saurashtra & Kutch and the effect of coal rates.* Cement, Salt, Chemicals, Potteries and Textiles among others, are a few of the major industries on this side. Cement alone will have a large installed capacity and it is expected that the production of this commodity, in Saurashtra alone, would be about 12/15 lac tons per year during the Second Five Year Plan period.

For an efficient and economic running of the cement units coal is a very vital and basic fuel. On a comparison with factories in the neighbourhood of coal mines, the freight of coal as reflected in the project costing would make a difference of 4/5 rupees per ton of finished material Vide Annexure I and II. On long distance hauls the disparity in freights, the transshipment costs and the consequential losses are so heavy that these factors are highly detrimental to units located far away from the collieries.

4. *Rail and sea Co-ordination:* To relieve the heavy congestion it has been suggested that coal traffic should, as far as possible, be diverted to the sea route. But such a step would be like suggesting a cure that would intensify the disease. It will be appreciated that coal will have to be first transported from the collieries to ports, it will have to be unloaded and loaded again into steamers, and it will be unloaded and loaded again at destination port for eventual transport and delivery to the factory site. These operations would mean a coal cost to the factory of Rs. 75/80 per ton, as against the rail-borne coal cost of about Rs. 40/- per ton to the same industry.

Any factory that is required to resort to transporting its coal by sea-route as against the normal rail transport would find the alternative method a great deterrent to its establishment, and to its proper and economic working. To take an instance in point, a cement factory which consumes 20/25% of coal as fuel per ton of cement produced, would be faced with a higher cost price of cement of atleast Rs. 8/10 per ton as compared with its counterpart in the same region, having its coal supplied to it by the rail route. Such a situation would be most unwelcome and being discriminatory would serve as a damper to industry.

The Second Five Year Plan has a target of 12.5 million tons production of cement. Targets for other industries have also been revised upwards. The fulfilment of these objectives presupposes a rational cheap and flexible freight structure policy by the railways. Should it be found that a few units are favourably placed as regards its coal or electricity supplies owing to the proximity of the coal fields or Hydel Power Supplies, they would always have a considerable lead over other factories which are located at long distances from the coal mines. It would therefore be in fitness of things to have flat freight rate for the rail transport of coal. Otherwise the invidious distinction brought about by geographical reasons would be a definite deterrent to the development of a sound national economy.

5. *Sea transport and its difficulties:* Gujarat, Saurashtra and Kutch have a vast coast line which offers natural advantages for diverting a huge volume of inland trade from the over-congested rail lines to an easily exploitable sea route. Food-grains, cotton, coal, cement, salt and various other commodities could be conveniently handled as handled as sea-borne traffic. The prime consideration should of course be uniform sea and rail rates for transporting commodities to the same destination by either of the routes. Unless therefore a more or less equalisation of freight over the sea and the rail route is enforced it may neither be possible nor economical to divert any volume of traffic from land to sea route. Such a measure would give a fillip to the industrial development of under developed and backward areas like Saurashtra, Kutch and parts of Gujarat and would at the same time eliminate the unhealthy discrimination on coal freight on account of long distances from the collieries. It would also help decentralisation of industries and would assist the tempo of increased production in distant parts of India.

Even the present sea transport is neither adequate nor easy as compared with the rail route. It will be appreciated that on account of transshipments both at the point of loading and at the port of discharge there is considerably extra handling of the cargo which, besides being expensive, results in considerable transit losses for cargo which is transported in bulk e.g. salt, coal, cement, etc. Besides time and money being involved in those operations it is apprehended that there would be an element of risk to the quality in sea transport. These disadvantages require to be offset by devising an attractive sea-cum-rail route freight.

The majority of ports of Kutch, Saurashtra and Gujarat are not all-weather ports and during the monsoon for about 4/5 months they remain closed to traffic. In consequence, the Railways would be required to assist in the running of these industries by supplying their normal quota of coal and raw materials or by carrying their finished products to consuming centres. It will be observed that with a vast country like India and the increasing demands of developing industries a very well co-ordinated policy of rail and sea route will have to be devised that essential items such as coal could be transported by either the sea route or

the rail route at a rate not exceeding a flat and attractive rate that may be available for the transport of coal over the land route to the same destination. Such a step would be democratic in spirit and would entitle the distantly placed undertakings to a fair and economic rate that would not favour of discrimination at all.

Annexed herewith please find a statement Annexure III showing the various sea route fares for coal, salt, cement, etc., from and to relevant parts of Saurashtra to destinations as indicated against each. It will be

observed that the freight rate would be hardly conducive to the development of trade and industry.

6. *Conclusion:* Before concluding may we urge on the committee that the large volume of coal, salt, cement, cotton and other commodities that could be conveniently and easily diverted for transport over the sea route and thus relieve the heavy congestion on the already overworked railways is so attractive that a flat or an attractive rate for both the routes should be devised as early as possible.

#### ANNEXURE I.

*Difference in cost of coal per ton by rail & sea route.*

Destination.	By Rail.		By Sea.
	Cost per ton for destination delivery.		Estimated cost per ton for destination delivery.
	Rs. a. p.		Rs. a. p.
Porbandar ... ..	37 0 0		77 4 0
Jamnagar ... ..	36 5 0		77 4 0
Veraval ... ..	36 14 0		77 4 0
Bhavnagar ... ..	35 8 0		77 4 0

- N.B.—1. Steamer freight for any ports in Saurashtra being the same, price for coal by sea route is equal.  
 2. It varies according to distance by rail route.  
 3. The same position would prevail for deliveries of coal to Kutch and Gujarat towns.

#### ANNEXURE II.

*Cost of coal per ton to the factories situated near coal fields.*

Destination.	By Rail.
	Cost per ton for destination delivery.
	Rs. a. p.
1. Factories situated within 100 miles from coal fields ... ..	20 12 0
2. Factories situated within 150 miles from coal fields ... ..	22 14 0
3. Factories situated within 200 miles from coal fields ... ..	25 0 0

#### ANNEXURE III.

*Prevalent sea freight rates for coal, cement and salt from and to various Ports.*

		Coal.		
From	To		Freight.	Unit.
			Rs. a. p.	
Calcutta	Madras		28 6 0	In bulk.
Calcutta	Colombo		—	—
Calcutta	Cochin		32 0 0	In bulk.
Calcutta	Bombay		23 0 0	In bulk,
Calcutta	Saurashtra		39 14 0	In bulk.
Calcutta	Colombo		65 0 0	In bags.
Cement.				
Saurashtra	Calcutta		35 8 0	Per ton of 20 cwts.
Saurashtra	Bombay		21 0 0	Per ton of 20 cwts.
Saurashtra	Cochin		29 8 0	2,000 tons and more.
Saurashtra	Cochin		40 0 0	Less than 2,000 tons.
Salt.				
Saurashtra	Calcutta		31 4 9	In bulk Per ton of 28 Bengal maund.
Saurashtra	Cochin		24 2 0	Per ton of 20 cwts.
Saurashtra	Calcutta		32 4 0	per ton of 20 cwts.

TRAVANCORE—COCHIN  
Laxmi Starch Factory Ltd.,  
Kundara.

PART I-B.  
ANNEXURE V.

Q: 1. Our factory is manufacturing tapioca flour, tapioca starches and derivatives, cattle food etc. on a large scale and claim to be only of its kind and biggest unit in India, located in South.

**Raw-Material:** The principal raw material is tapioca roots in fresh and dry forms.

**Fuel:** Mainly steam coal.

Taking the unit of Finished product, viz., starches and derivatives, as 1 ton the requirements of raw-material and fuel are as follows:—

Finished Product	Raw-Material	Fuel
Unit.		
1 Ton	Tapioca Roots fresh 6 tons	$\frac{1}{2}$ ton
1 Ton	" " dry $2\frac{1}{2}$ "	$\frac{1}{2}$ ton

Q: 2. **Total production:** For want of raw-material our factory started production only from the year 1951 onward and the production data are as follows:—

	Tapioca Starch.		Tapioca Flour.
1951	1,500 tons	...	3000 tons.
1952	1,700 "	...	3000 "
1953	1,900 "	...	3200 "
1954	2,100 "	...	3500 "

During the current 1955 year we estimate to reach the production of 3,000 tons of starch and 3,500 tons of tapioca flour.

Q: 3. Since systematic working of our factory was subsequent to revision of the freight structure in 1948, it is not possible to factfully compare the effect. However from our standpoint the present railway freight structure is unfavourable. We would explain this briefly. Our finished products are mainly meant for Textile Industry, and the consuming Mills being at Bombay, Ahmedabad, and further Northern territories, it necessitates transport to great distances.

Our rivals are Maize Starch Factories, but these being very near to mill centres, the question of uneconomic and heavy railway freight does not occur. By this advantage the Maize Starch Factories are in a good position to compete, which otherwise means that we have to face very severe competition. It is a well-known fact that unless we are in a position to sell the finished products regularly and at reasonable rates, it

would be very difficult to have more and more progress. The wagon load and the telescopic class of rates are not much helpful to us. Since Tapioca Starch has wide scope for expansion, we pray that the freight structure should be so altered as to facilitate us to stand well against Maize Starch. The extent of reduction will be discussed in the following paragraph.

Q: 4. The longest distance we have to despatch our product is 2000 miles and the shortest distance is 25 miles.

Q: 5. The entire quantity of raw material is brought in our own lorry.

Q: 6. Our despatches of finished products can be divided as 50% by rail and 50% by sea.

The remedy we seek in the matter of railway freight and booking facilities are as follows:

- (a) The present wagon load basis rate is too high and the freight system for distances beyond 200 miles should be made more favourable in the interest of the Industry concerned. The maximum rate payable on this commodity should be limited to Rs. 30/- per long ton and keeping this as the basis of maximum, the rate for distances upto 200 miles should be proportionately framed. The freight structure for distances up to 200 miles may be kept as it is. This maximum freight indication is inclusive of all transhipment charges and no extra levy should be involved.
- (b) Much difficulty is felt in the despatch of material on wagon load basis. Our Factory is situated on metre gauge system of railways and the goods for final destination are on broad gauge.

We also beg to point out that we do not get wagons promptly as and when required. Presently considerable delay occurs in availing wagons against requisition which generally involves about 15 to 30 days. It would be greatly appreciated if the wagon facilities are made very prompt, say within 3 or 4 days from the date of requisition.

**Re: Coal:** This being only an essential fuel, we would recommend a freight pool system, which would be in the interest and fairness to all Industries concerned.



# The Cochin State Tile Manufacturers' Association,

Manaly (T-C.)

## GENERAL

This Association which represents the tile manufacturers on the West Coast of the Travancore-Cochin State and which is a member of the Southern India Chamber of Commerce, Madras, and The Tile Manufacturers' Federation of India, Mangalore, beg to place before the Railway Freight Structure Enquiry Committee certain aspects of the Railway Rate Structure in so far as they relate to the Tile Industry. We are pleased to note that the Government of India have felt that the Rate structure which was introduced in 1948 was purely a departmental one and consequently unilateral and that therefore it was not satisfactory and that it would be more perfect only if it is evolved in consultation and conjunction with the trade and industries which use the Railway transport. It is evident that with this background that the High Power Committee has been set up and we are confident that their recommendations would be based on the need for the attaining of the socialistic pattern of society which is the aim of the Second Five-Year Plan of the Government that it would be conducive to the rural economy of the country also.

2. The number of questions raised in the questionnaire are so elaborate and comprehensive that it requires a lot of statistics and other information from a long time past, as early as 1939, and we feel that we are not in a position to furnish a reply question by question. However, we would beg to submit this in the nature of memorandum giving you a clear picture of the position of the Tile Industries and traders with the sanguine expectation that you would make such recommendation as will help this huge cottage industry giving employment to several thousands of rural population all the year round, not only to survive but also to prosper.

3. A large number of Tile Factories and traders in tiles in South India and more particularly on the West Coast where the Tile Factories are built up in large numbers scattered all over the West Coast from Quilon and Cochin in the South to Mangalore in the North are interested in our representation for the reduction of Railway freight on tiles traffic. The basic raw materials required are clay and fire-wood which are locally available. The tiles manufactured are mostly Roofing Tiles required by the poor and the middle classes in the construction of houses and cattle sheds.

4. This Industry forms part of our national economy as it meets not only the needs of the internal markets but has also built up an export trade which earns for the country valuable foreign exchange. This cottage industry is important as it supplies the needs of the poor and middle classes and employs thousands of labourers who would otherwise be unemployed and would be a burden to the country. The industry there-

fore deserves encouragement in all aspects for its existence and prosperity.

5. It is needless to mention that rail transport is fundamentally essential for the existence and prosperity of this industry as for all other industries in general. The economic principles of transportation are so peculiar that it provides wide scope for developmental economy. Unlike other business concerns "transport" is not sold based on the cost of production alone; but the cost of transport is based on the twin principles viz. cost of production and value of service. Railway Freight rates play a major part in the marketing of this cheap and essential building material and if they are to be leered based on the cost of transport, we do not think the Railways could be utilised by one and all. Of the two principles the value of service has a preponderating influence in the fixation of freight rates. In fact the general classification of goods is evolved keeping mainly in view the value of service.

6. The tiles produced by these cottage industries-there are also some in the nature of factories-are of low value and therefore deserve low freight rates. The Ex-South Indian Railway was quoting a large number of station-to-station rates for tiles in wagon loads from stations on the West Coast to several outlying stations. As the quotation of such station-to-station rates grew in larger numbers, it was felt that the traffic could not bear the then existing schedule rate viz. C/M the basis of which was as under :-

1 to 75 miles ...	.38	pie per maund per mile
76 to 300 ..	.20	" "
301 & beyond.	.10	" "

7. When the number of station-to-station rates increased the railway probably thought it expedient to introduce a low wagon schedule rate and thus do away with the large number of station-to-station rates. Schedule C/Q rate for wagon loads was therefore quoted and its basis is as under :-

1 to 100 miles	.20	pie per maund per mile
101 to 200 ..	.17	" "
201 to 500	.14	" "
501 & beyond	.10	" "

8. This schedule rate was helpful to the Tile Industry as a whole and tiles were moving in appreciable quantities. But when the rate structure was revised in 1948 after a departmental review a new wagon load scale WL/C was provided for tiles common and the basis of this scale is as under.

1 to 150 miles	.34	pie per maund per mile.
151 to 300 miles	.31	" "
301 & beyond.	.17	" "

9. This new scale has resulted in a considerable increase in freight charge and has, therefore, seriously retarded the growth and development of this cottage industry. A comparison of the Schedule C/Q rates that were in force prior to 1948 and the revised WL/C scale of rates from and to certain representative stations is given in Annexure A from which it will be seen that the increase ranges from 72% for short distance to 85 to 89% for 200 and odd miles.

10. It has to be said in this connection that neither the value of the tiles nor the service rendered by the Railway in the transport of this cheap product has altered much to warrant such an increase in the freight rate. On the other hand the cost of manufacture has increased owing to the impact of labour conditions and the labour has to be paid a much higher wage than before and added to this the working hours are also less now. We concede the Railways have also had to pool an increased wage bill. The extra expenditure has of course to be met by an increase in the Railway rates but the increase has to be so adjusted that it does not fall heavily on such traffic as the cheap common tiles, the production of which not only sustains the rural economy in that part of the country but also supplies the needs of the poor and middle classes. The traffic is unable to bear the present rates and the trade is therefore put to great difficulties in finding adequate markets. The decrease in demand has led to a decrease in production and this has naturally put the industries to considerable difficulty in the running of their business.

11. The incidence of freight is a sufficient index to show how the increase in the freight rate has affected the trade in tiles. We will cite just one example to illustrate this point. We have to state that taking traffic from Pudukad, one of the stations referred to in para 9 supra, usually 9000 tiles are loaded in open wagons the freight paid in 1947 at the schedule C/Q rate was Rs. 172-13-0 a wagon when the value was Rs. 70/- per thousand tiles while this year the same number of tiles loaded in a similar open wagon the freight paid at the wagon scale WL/C is Rs. 290-5-0 and the value to day is Rs. 80/- per thousand. The price of tiles was varied during these years and it has settled since last years. It will be seen that while the incidence of freight to value was 27% in 1947, to-day it is 40%. The increase is 13% while the difference in the value is hardly 2%.

12. We find that in the present general classification of goods, manures and oil cake have been provided with a lower wagon scale viz. WL/A than for tiles, viz. WL/C. We presume that for special reasons viz. the condition the country was in the matter of food production owing to various causes, the lowest scale of wagon rate was adopted for these commodities to increase food production. In this context we have to bring to your notice that housing is one of the three essential needs of every one just as food and clothing and the Government have loudly proclaimed their concern about the housing needs of the poor and middle classes not only in urban areas but also in the millions of villages in the country. Every endeavour has therefore to be made to provide

indigenous building materials to suit their needs and tiles roofing from an important part of it—viewed from this aspect a much lower wagon scale rate than that which is now in force viz. WL/C has to be provided for this traffic.

13. We have also to mention that the existing minimum weight condition, viz. carrying capacity for tiles common roofing and tiles flooring earthen is prohibitive and unreasonable. We are aware that during the monsoon period the weight for charge has been fixed as two tons less.

14. A casual reference to the goods tariff shows that a 'W' condition has been provided for certain commodities as shown below and a comparison to tiles would not be out of place:—

Firewood	... W/270 BG.
Timber	... W/350 BG.
Reinforced concrete beams and posts	... W/300 BG.

Unlike tiles which are liable to breakage, firewood can be loaded in open wagons above the sides of the wagon by providing high stakes. Most of the BG. open wagons are of 22 tons marked carrying capacity and the minimum weight fixed for firewood is only 10 tons, i. e. less than half the C. C. Timber is a heavy commodity and is provided with a minimum weight of 13 tons, i. e., 9 tons less than the C. C. and reinforced concrete beams and posts which are also heavy materials and can be loaded so as to give a much higher weight than timber has been provided with a minimum weight of 11 tons, i. e. half the C. C. Consistent with these, tiles should have been provided with a minimum weight lower than the C. C., say 15 tons. On the face of it, this is very anandrous and requires a reduction.

15. In view of what has been stated in the foregoing paragraphs, we request the committee to view this case sympathetically and arrange for the provision of a special scale of wagon load rates consistent with the schedule C/Q rates that were in force prior to 1948 and also alter the minimum weight condition from CC to a 'W' one at least when tiles are loaded in open wagons.

16. What we ask for is a 'W' weight condition and therefore any quantity loaded in excess of this minimum weight will be paid for. The Railway therefore does not stand to lose. Wagons with a lower carrying capacity than the minimum weight fixed will however be paid for the carrying capacity of such wagons and thus the trade would not lose. You will be doing only justice by providing a 'W' condition for tiles which will be fair and equitable both from the point of the railway and the trade.

17. In our country which is mainly agricultural, everywhere there is pressure on land and land has to support more people than it can and millions remain on it, not because they are needed but because there are no other occupations. The Community Project and National Extension Schemes which have come into play contribute to easing the situations. If more people can be found employment other than on land it would afford some relief. It is in

this context that this cottage industry has to be viewed. It sustains rural economy and provides employment to several thousands of people. This Industry in South India is carried on in South Kanara, Malabar, Cochin and Travancore which are by themselves deficit centres of food production and therefore needs all the encouragements it can be given to keep the industry running.

18. In conclusion, we pray that our two requests mentioned hereunder be given.

due consideration and make such recommendations as will afford this cottage industry the relief that it richly deserves:—

- (i) Reduction of the wagon scale rate from WL/C to a scale appropriate to the Schedule C/Q rate which was charged prior to 1948, and
- (ii) Reduction of the minimum weight from CC to about W/15 tons.

#### ANNEXURE A (Vide Para 9).

Distances in miles from and to the representative stations referred to in para 9 are shown in the tabular statement I hereunder and the comparative rates for those distances as also the percentage of increase are shown in statement II hereunder.

Distances from Stations		To stations			
		Coimbatore	Salem	Trichi	Madura
Pudukad	...	91	182	230	205
Feroke	...	110	200	249	225
Alwaye	...	117	207	256	232
Mangalore	...	253	343	392	368
		Tinnevelly	Tuticorin	Madura	Dindigul
Quilon	...	109	146	167	205
					Trichy goods
					263

#### II. Comparative rates and Percentage of Increase.

Miles	Rate per maund						Percentage of increase
	Sch. C/Q.			WL/C			
	Rs.	a.	p.	Rs.	a.	p.	
91	0	1	6	0	2	7	72%
109	0	1	10	0	3	2	73%
110	0	1	10	0	3	2	73%
117	0	1	11	0	3	4	74%
146	0	2	4	0	4	2	79%
167	0	2	7	0	4	9	84%
182	0	2	10	0	5	1	80%
200	0	3	1	0	5	7	81%
205	0	3	2	0	5	9	82%
206							
207							
225	0	3	5	0	6	3	83%
230	0	3	5	0	6	4	85%
232	0	3	5	0	6	5	88%
249	0	3	8	0	6	10	86%
253	0	3	8	0	6	11	89%
256	0	3	9	0	7	0	87%
263	0	3	10	0	7	3	89%
343	0	4	9	0	8	9	84%
368	0	5	1	0	9	2	80%
392	0	5	4	0	9	6	78%

UTTAR PRADESH

Electric Goods Manufacturers' Association,

Aligarh.

GENERAL.

We, the Electric Goods Manufacturers' Association, Aligarh want to bring to your kind notice that for the past several years Aligarh is manufacturing heavy cast brass metal Electrical fittings such as wall and ceiling fittings made from brass scraps and brass dust and the said are being exported from Aligarh to all over India through your Railways and the 13th class rates are being charged by goods train from Aligarh station on such stuff.

We, further beg to disclose that this is not a secret that in Aligarh all such works are

being carried out on purely cottage industry basis and the said are also being sold at the most competitive rates and below the rates of foreign market goods.

That to give a fillip to the development of cottage industry and to combat unemployment of India we request you to please encourage our Electrical Fittings Industry by reducing goods train freight from 13th class to 5th class so that we may capture foreign and Indian markets and try to solve the unemployment question to some extent too.

U. P. Fruit Products Manufacturers' Association,

Allahabad.

PART I-A.

Q: 1. (a) As a result of the revised general classification of goods adopted in 1948 the industry and trade of the country have suffered a good deal. Its effect was not felt so keenly upto 1950; but thereafter when the slump in market conditions started due to general fall in prices of all commodities, its effect began to be felt more and more, as the margin of profit of the traders and the industrialists became thinner and thinner: while the Railway freights on the movement of goods, which had gone up as a result of the said general revision, remained the same.

This has particularly been the case with the fruits and vegetables products manufacturers, many of whom had to close down altogether or reduce their business considerably. For example, in U.P. alone, no less than ten factories had to close down altogether, while the rest of them, numbering about fifty, had to reduce their business by nearly one-half to two-thirds.

Q: 2. (a) No, they fall short of the actual success requirements of the legitimate needs of industries.

(b) The general tendency of the Railway Administrations is to apply the maximum pie per maund per mile rates, and ignore the 'Minimum pie per maund per mile' rates as prescribed in the Tariff Schedule altogether.

Q: 3. Not attempted.

(i) No, it is not at all adequate; neither are the different class rates and wagon-load scales appropriate in relation to one another, in all cases. The number of class rates at present is confined to only 15. This hits hard in the case of articles which cannot adequately be covered by a particular class under which they are classified at present. For example, guava jelly or fruit jams whether packed in tin cans or glass jars at present move in the same class, viz., 12th. But there is considerable difference in their gross weight and bulk. A case of guava jelly packed in tins is nearly double in value as compared to a case containing jelly packed in jars. This affects their selling price considerably owing to the high rate of railway freight that has to be paid by applying similar classification in both cases.

The concession of Railway freight rates in wagon-loads is at present confined to only a few commodities which move in large quantities generally. There seems no reason why wagon-load concession should not be made applicable in all cases in which a consignor prefers to move his load in a full wagon load from one station to another for the sake of convenience and economy and the Railways gain by doing so in the following respects:—

(1) In the case of full wagon-loads there is generally only one consignor and one and the same consignee. This

saves a lot of botheration and clerkage as well as handling by the railway administration.

2. The full wagon load moves from one station to another and has not to be disturbed in transit. This lessens the chances of miscarriage or pilferage during transit to the Railway Administration.
3. The transportation charges at transshipment points are also saved in cases where the goods have to be diverted from one Railway to another on the same gauge.

Broadly speaking our suggestions in this respect are as follows:—

1. The number of classes should be grouped under two different headings one relating to Natural or Agricultural produce and the other pertaining to "manufactured goods" and the Railway freight in each case should be fixed in relation to the price of the goods carried whether in its natural or in its manufactured state as well as the need or the purpose it serves.
2. The classification of each commodity should also be fixed with due regard to the distance upto which it can economically move. For example, some goods move only within a certain area, while others move from one end of the country to another. The classification in the former case should be such that its movement beyond that area should become uneconomical, while in the latter case it should be fixed in such a way that its price, including Railway freight, may not become uneconomical to the consumer upto whatsoever distance it may have to be carried.
3. As regards wagon loads the concession of reduced Railway freight should be provided for every commodity and in every class without regard to any other consideration except a minimum prescribed charge, which should be fixed according to the carrying capacity of the wagon allotted.

(ii) (a) At present the number of legs and the distance range in each leg is not appropriate to the needs of traffic. We would suggest the following for consideration.

No. of leg.	Distance.
1.	1-100
2.	100-250
3.	250-500
4.	500-750
5.	750-1,000
6.	1,000-1,250
7.	1,250-1,500 (Maximum)

(ii) (b) Generally speaking the rates prescribed for goods traffic should not exceed half of those fixed for traffic by passenger train and the minimum and the maximum should range between 5 minimum to 2.0 pie per md. per mile maximum except in the case of wagon loads or essential commodities or station-to-station rates for which special maximum and minimum may be provided.

Any fall in revenue due to reduction in one class of commodity can be made good by increasing the existing rate in another class.

Q: 4. The limit of 1,500 miles, at present in force, seems quite appropriate and may not be disturbed. As regards wagon-load scales there seems to be no reason why it should not apply to such loads also in all cases.

Q: 5. No change is considered necessary except that in the case of Terminal charge, where the loading or unloading is done by the owners themselves no such charge should be levied.

Q: 6. Yes. It may be raised to 5 miles.

Q: 7. Yes. This limit can appropriately be raised to 50 miles.

Q: 8. Not attempted.

Q: 9. So far as the principle of fixing classification of each commodity in relation to its transportation conditions and prices is concerned, there is no objection provided due regard is paid to the observance of these principles. Trouble mainly arises when these basic principles are not observed in fixing the classification. Attention in this connection is however invited to the suggestions contained in our reply to questionnaire No. 3 (i), which points out the need for:—

- 1— Providing concessional rates in cases of wagon-loads, as compared to 'smalls';
- 2— Grouping manufactured goods separately from natural or agricultural produce;
- 3— Allowing special concessional rates in the case of such mineral or natural produce as coal, iron, salt etc. which are produced at particular places but are required for consumption all over the country.

The following are examples in which the principle of transportation conditions and the prices of commodities have not been taken into account properly:—

1. Fruit Juices or Syrups have been grouped together into one class *i.e.* 8th, although there is considerable difference between their transportation conditions and prices as explained below:

(i) Fruit Juice and Pulps are perishable articles and generally move in barrels from the places of their production *i.e.* natural resources, to the places of their consumption; while Syrups are generally not perishable due to the high percentage of sugar used in their manufacture. Besides, these are packed in small containers *e.g.* glass bottles.

(ii) There is considerable difference between the prices of the two as well as the way of their consumption. A bottle of Fruit Juice can hardly suffice for two or three drinks only, while a syrup bottle will make up no less than 16 to 20 drinks and is priced accordingly.

(iii) No distinction is at present observed between Fruit Juices and Vegetable



Juices e.g. Tomato Juice, which are comparatively much cheaper; but the same are classed likewise.

2. Similar is the case with Fruit and Vegetable Preserves, although there is considerable difference in their transportation conditions and prices. They are treated in the same class, when packed in canisters and sold loose to the consumers, as those packed in tins and bottles and sold as such at much higher rates. The same is the case with Jams and Jellies, which are packed in bulk, in canisters, or tins, or bottles; although there is considerable difference between their prices when packed differently, as well as transportation conditions. Even such a cheap article as synthetic vinegar, which is nothing more than simple water mixed with certain chemicals, without any other manufacturing process, is treated in the same class as the costly Fruit Preserves or Syrups.

Unless sufficient safeguards are provided to check the anomalies referred to above, the mere laying down of principles of fixing

freight rates in relation to their transportation condition and prices of each article is not sufficient. It is therefore essential that due representation of each industry or trade should be provided for in applying these conditions for fixation of classification, and the matter should not be left only to the Railway authorities concerned.

Q: 10. So far as the fruit and vegetable products are concerned, there is considerable room for improvement in their classification. At present they are all classified under 8th class, whether they are juices or pulps, Syrups or Jams; and whether they are packed in barrels or cans or bottles although there is considerable difference between their respective prices and transportation conditions. Not only this, there is much invidious distinction between this industry and other allied industries, e.g. Oilseeds and their products or sugarcane and its products. This will be apparent from their relative classifications as shown below :—

Oilseeds and their products	Classification.	Fresh Fruits, Vegetables and their Products	Classification.
Oilseeds	4 R.R.	Fresh Fruits	3 R.R.
Oils	4 R.R.		2 O.R.
	3 O.R.	Vegetables-Green	3 R.R.
			2 O.R.
Sugarcane and its Products.			
Sugarcane	2 R.R.	Fruit and Vegetable Juices or } Pulps or their products, e.g. } syrups, jams, Jellies, etc. } whether packed in bottles, } tins or barrels. }	8 R.R.
" Juice	3 R.R.		
Sagur and candy	4 R.R.	Vinegar	8 R.R.

From the above relative classifications it will be observed that there is considerable disparity between fruit and vegetables, and their products, as compared to the products of oilseeds and sugarcane, although the conditions of crushing and storage and distribution of the two groups are the same and fruit and vegetable products sell much cheaper than oils. How very unfortunate it is for the Fruit and vegetable products Industry, when oils, which are neither so perishable nor so costly, move in class IV

or 3rd and fruit juice or pulps have to move in class 8. The result is that in spite of all the sacrifices that the fruit and vegetable products manufacturers have made, the condition of the Industry has not improved. Such a state of affairs is also unfortunate from the point of view of the health of the nation for which fruit juices etc. are essential articles of food. It is, therefore, extremely desirable that the classification of fruits and vegetables products should be split up in the following order :—

		Packed in Barrels or tins	Bottles.	Cans.
1. Fresh Fruit Juices and Pulps	...	3	4	5
2. Preserved Fruits	...	5	6	8
3. Green Vegetable Juices or pulps	...	2	3	4
4. Preserved Vegetables	...	3	4	5
5. Syrups, Squashes or Cordials	...	—	5	—
6. Jams, Jellies and Marmalades	...	5	6	8
7. Pickles, Chutnies and Sauces	...	4	5	6
8. Vinegar	...	2	3	—

The above are all at Owner's risk.

Q: 11. The rates for traffic moving in wagon-loads may be three-fourth of that moving in 'smalls'.

Q: 12. The present rate of Rs. 1-12-0 per ton may appropriately be raised to Rs. 2/- per ton fixing at the same time a minimum

charge depending upon the capacity of each wagon. No.

Q: 13(a). The present minimum charge of Re. 1/- per consignment for 'smalls' is too much as compared to Re. 0-8-0 fixed in the case of consignments despatched by passenger train. It should not exceed Re. 0-8-0.

(b) No.

Q: 14. It can be increased to 10 seers.

Q: 15. No. Any such procedure will create invidious distinctions and discourage development of cottage and small-scale industries.

Q: 16(i). We do not agree.

(ii). The class rates should be fixed for 'smalls' only, prescribing concessional scale for wagon-loads for each commodity.

(iii). We agree.

Q: 17. Not attempted.

Q: 18. We wholly agree with the idea. The additional charge for special express goods services may be fixed at As. 2/- per rupee, but such goods services should not ordinarily touch the less important stations.

Q: 19 & 20. Not attempted.

Q: 21. The discretion to utilize the Railways for carriage of any consignments or not should be left to the consignees. It is of course, open to the Railways to so adjust their traffic regulations as not to suffer a loss in the case of short distance traffic.

Q: 22. Not attempted.

Q: 23. We generally agree with the underlying principle enunciated in this question, but would restrict its application mainly to natural or mineral produce so that it may not interfere with the development of industries of the country. We see no reason to apply the freight pool in the case of such articles cement or chemical manures which dependant on the development of industry of a particular area rather than on its natural resources. For other item we, of course, agree.

Q: 24. Not attempted.

Q: 25. It should be worked by the Railways and the Industries concerned jointly.

Q: 26 & 27. Not attempted.

Q: 28. So far as our knowledge goes requests from the public for quotation for station-to-station rates have always been turned down by the Railways concerned. An example of this is given below:

In September, 1954 Messrs. S. R. Cannery of Allahabad represented to the General Manager (Comm), Northern Railways, Delhi the urgent need for developing their trade with the port towns of Calcutta and Bombay as well as Nagpur with a request to allow special concessional rates from Allahabad to these places. To this his reply was as follows:

"The matter has been carefully considered, but it will be appreciated that it is not the function of the Railways to eliminate geographical advantages by the manipulation of freight rates.

If, therefore, the industry at Allahabad intends to compete with the manufacturers at other places in their home markets, it should attempt to do so by effecting economies in their own methods of manufacture etc. rather than by freight reductions on the part of the Railways".

How can any industry develop unless there are facilities and the requisite help from Government and the treatment of their officers sympathetic. Industries always grow and flourish at places where there are facilities to do so, but to find a market for them is the toughest task in which the co-operation and help of the Railways is indispensable. The above reply is wholly wanting in this sense.

In another instance in which the above mentioned Factory approached the Chief Operating Superintendent, E.I.R., Calcutta in August 1951, for facilities in booking of their products *ex* Allahabad to Madras by goods train, they received the following reply from him:

"Since, however, your requirements are for 40 mds. per month, or a little over one maund per day, it is suggested that clearance of your consignments may please be effected by passenger train".

Already in some cases the freight on goods moved by goods train amounts to no less than 10 to 15% of the price of the product, which means nearly double the profit earned by the Factory. How can replies, such as those shown above be conducive to the growth of any industry.

Q: 29 to 33. The policy of discouraging station-to-station rates can neither be beneficial for the development of an industry nor can it be beneficial to the Railways as any industrial development in the country is bound to put up the Railway revenue in the long run as well as make the country richer. However favourably a place may be situated for industrial development but unless and until special facilities and concessions are shown in the matter of its industrial development, there can be no industrial development of it. For example Allahabad is very favourably situated for any industrial development, both from the point of view of its geographical position as well as its natural resources, besides being the junction for important railways; but in spite of the efforts made by the U. P. Government to develop it industrially since 1947 onwards, there has been no industrial development of it worth the name as yet and when representations to Railway authorities such as those referred to above are turned down mercilessly, what can poor industrialists do to develop it industrially.

The remedial measures that we would suggest in this direction are as follows:—

1. Every facility should be given for the movement of manufactured products in preference to agricultural and other produce which are not required for industrial purposes from the station of their consumption. These facilities may include:—

(a) Quick and unrestricted transport.

- (b) Concessional Railway freights from the places of production to the main centres of consumption.
- (c) Special concessional rates i.e. half rates for all products intended for export from the places of their production to port towns.
- (d) Special arrangements for the transport of goods intended for export at Port towns from goods offices to Docks so as to eliminate handling by carts, etc. and the payment of Town Duty at those places.

2. The concession of station-to-station rates may not be sanctioned for indefinite periods as the idea is to foster the growth of a particular industry in a particular area or of a particular town with regard to its favourable geographical position. The same should be open to review at quinquennial intervals.

Q: 34 & 35. Cost of construction of new Railway mileage etc. is of the nature of capital outlay and should, therefore have nothing to do with its maintenance and operation costs and it should not be necessary that each new Railway line or extension should become remunerative from the very beginning. A time lag of at least five years should be allowed to make it self-supporting and as the traffic improves by the growth of the industrial and economic development of the country, the new Railway lines or extensions are sure to become not only self-supporting but remunerative also. There is, therefore, no need to levy a surcharge on such lines, unless it is absolutely essential and can be easily met by the traffic that is carried over it.

Q: 36. Not attempted.

Q: 37. There is no doubt that the Railway freight structure should be utilised to assist the development of village and cottage industries. This assistance can take the form of providing unrestricted quick transport at freight rates ordinarily leviable.

Q: 38 & 39. Not attempted.

Q: 40. The fears mentioned in this questionnaire do not appear to be very real, and may not be acted upon until the grounds on which they are based can be supported by facts and figures, of earnings during the initial stages of the next five years. There is bound to be increased activities due to general industrial development of the country during the next five years which must add to the revenues of the Railways and no fears of any loss should be entertained. Much can also be achieved by observing economies in Railway expenditure of a revenue nature on maintenance, etc.

Q: 41 & 42. Not attempted.

Q: 43. So long as there was no marked deterioration in the purchasing power of the people upto 1950/51, the pace of development of industry in the country did not suffer much. But, later on, due to the diminishing purchasing power and the slump in the market conditions, there came into existence a strong current for competition amongst industrialists and producers with the result that the margin of their profits became thinner and thinner while the Railway

freight rates remained the same, nay they were still further raised to some extent in 1955. This very much affected the pace of development of each industry, so much so that the fruit syrups, squashes etc. that used to move freely to long distances from the places of their manufacture to the places of their consumption became altogether localised or they moved only upto nearby stations or carriage beyond such stations became unremunerative for the manufacturer and uneconomical for the consumer. This, of course, must have resulted in loss of revenues to the Railways also. The extent to which this phenomenon worked cannot be exactly stated, but in the cases of the S. R. Cannery, Allahabad, of which we have personal knowledge, it can be said that the movement of its products mentioned above, which used to extend upto Gwalior, Bhopal, Bina, Jhansi, Gondia, Raipur, Patna, Muzaffarpur, etc. upto 1950 were later on restricted to Allahabad, Banaras, Sultanpur, etc. only. Besides, two concerns in Allahabad and one in Banaras doing similar business had to close down altogether.

Q: 44. In the case of Fruit and Vegetable Products Industry, the canned and bottled products generally move on the F. O. R. destination basis while fruit juices, pulps, fruit and vegetable preserves, pickles etc. packed in barrels or tins (canisters) move on F. O. R. forwarding station basis.

(a) The average freight charge on tins is about 6% and that on bottled products it works up to nearly 8%. A statement showing the freight charged in the case of consignments sent by Messrs. S. R. Cannery, Allahabad to Bombay, which is the biggest market for their products is enclosed herewith.

(b) In the case of products packed in barrels or canisters, which cost much cheaper than those packed in bottles or tins, the quantum of Railway freight works upto nearly 10 to 12% of the cost of the product carried.

Q: 45 to 47. Not attempted.

Q: 48. Due to the natural resources of fruits and vegetables as well as sugar in U. P. and the existence of a separate Directorate of Fruit Utilization appointed by the U. P. Government the Fruit and Vegetable Products Industry can be developed to any extent if the necessary facilities are afforded to it by the Government. Already the Government of India have accepted the recommendations of the Advisory Panel set up by the Planning Board for grant of subsidy in the shape of rebate in the price of sugar consumed on products exported out of India, as well as on the price of tins used in such products.

Q: 49. During the Second Plan period the products of this Industry in U. P. are sure to go up by 200 to 400 per cent. and consequently the volume and lengths of movement will also be increased proportionately. As most of these products are likely to be consumed in places lying far away from U. P. e. g., Bombay, Calcutta, etc. or go out of the country in the shape of exports, the yield of Railway freight will also increase.

Q: 50 to 53. Not attempted.

Q: 54. The existing classification should be so fixed as to make a clear distinction between movement of Natural or Agricultural produce and Manufactured products.

In the case of manufactured products the quantum of Railway Freight to price of product should be limited to 10% at the utmost. There should be a concessional wagon load rates for all commodities whether agricultural, mineral or manufactured products.

There should be increased provision for movement of commodities by fast Express Goods trains and the limit fixed for the delivery of goods at the rate of one day per hundred miles at the utmost. The rates fixed may be for 'smalls' in all cases and the

wagon-load rates may be prescribed portion of it, while in the case of movement by Fast Express Goods trains a surcharge of -2/- per rupee may be levied.

Q: 55. The traffic at present carried from or to road-side stations which involves the stoppage and detention of the whole goods train for picking up or delivery of petty consignments may be diverted to linked private agencies to be picked up from or delivered at bigger stations. This will involve less handling and economy to the consignors and consignees also as the picking up and delivery will, in such cases be affected at market places rather than at road-side stations, and will mean economies to the Railways in having to provide watch and ward and other staff for goods traffic at road-side stations.

## Ganges Flour Mills,

Kanpur.

### GENERAL

We have before us a copy of letter dated 15-10-1955 from Rai Bahadur G. M. Modi, Modinagar, U.P. to your address and while joining ourselves to this memorandum, we have to submit that we (Roller Flour Mills of U.P.) besides despatching goods to stations in South India were also despatching goods to stations in Bombay, Bihar, Bengal and Assam States.

2. There were concession rates from all stations serving the Roller Flour Mills in U. P. to main consuming centres in the above mentioned states.

3. That with the withdrawal of the concession rates which were in force prior to the War and during certain period of the War the position of U.P. Mills became very worst and we have been put in a position that we cannot export our products which were mainly consumed in the mandies in Bombay, Madras, Bengal Assam and Bihar States.

4. It may also be brought to the notice of the committee that U.P., Punjab and Pepsu States are the wheat growing centres and are surplus in this commodity. Since there is very great difference at present in

the rates of grains and pulses and that of flour, maida, sooji and Atta etc. This vast difference in rates enables the Roller Flour Mills situated in Calcutta, Bombay, Madras and Bihar States to import wheat for their Mills at a cheaper rate while we cannot compete with them in flour, maida, sooji and atta on account of vast difference in freights of both commodities; with the result that the Roller Flour Mills situated in the above consuming States are prospering at the cost of the Mills situated in U. P., Punjab and Pepsu which are surplus in wheat.

5. We therefore request you to consider the question of placing U.P. Roller flour Mills on the same basis in regard to the rates for stations in Madras, Bihar, Bengal, Assam and Bombay states, on the same footing as the Committee may be pleased to sanction freight rate for Roller Flour Mills in Punjab, Pepsu States. As the present difference in freight rates for flour, maida, sooji and atta are unreasonable and faulty in comparison to that of freight rates for wheat as unlike the finished products of other commodities like vegetable oils, sugar and gunnies etc. the difference in prices between flour, maida, sooji and atta and that of wheat is very nominal and is hardly about 10%.

## J. K. Iron & Steel Co., Ltd.,

Kanpur.

### GENERAL

We understand that the Government of India have constituted a Committee for reviewing the existing freight structure on Indian Railways and report to them on action to be taken and changes to be made in the structure of freight rates.

One of the basic principles on which we consider the freight structure should be based is the development of Industries and Economic utilisation of raw materials available in the country.

The industry of making Steel by Electric Furnaces in India depends on its raw material which is melting scrap which accumulates all over the country and especially in the port areas and Railway Workshops. The melting scrap which is accumulated is generally speaking of three categories:

1. Heavy and compact scrap like, bolts, nuts and rivet scrap, thick punchings scrap, castings, etc.
2. Bulky articles, like scrap pipes, frames, sheet scrap and hollow castings.
3. Turnings, borings, light sheet cuttings, punchings, etc.

The first and second categories of above scrap are priced at Rs. 60/- per ton ex. site and Turnings & Borings Rs. 15/- per ton ex. site. The light punchings etc. range between Rs. 15/- and Rs. 60/- according to quality.

The products of the electric furnace is subject to Steel Control and prices are fixed by the Tariff Board.

The world prices of steel are about 30% higher than steel prices in India.

At the present moment all the above categories of scrap are charged under W. L/C at O. R. and W. L/C. R. at R. R. rates and the basis of freight charge is the carrying capacity of the wagons.

As it is not always possible to get large quantities of scrap of category one which is compact and even the railways have to mix up all qualities except Turnings & Borings in a single wagon-load most of the time the wagons are loaded full to cubical capacity but weigh much below the carrying capacity of the wagon. In the case of turnings and borings and punchings hardly 4 to 5 tons could be loaded in a wagon. The result is that turnings and borings as well as light punchings could not be properly utilised for, though their intrinsic value is only a quarter of the other quality of melting scrap due to dead freight above the cost becomes

equal to that of other scrap when it reaches the electric furnaces. In the case of other scrap also generally dead freight is incurred on each wagon. The arisings of the light quality of scrap is mostly at areas adjoining the ports of Bombay and Calcutta and as a large quantity of better variety of scrap also is available at the ports, the port furnace owners do not purchase this scrap and it could not move to our furnace in Kanpur due to the present rate structure which entails heavy charges of freight.

The result is that this scrap either deteriorates and goes waste or is exported to foreign countries. In either case it is a loss to the Indian industry.

There is a ban on export of steel scrap except such scrap as cannot be utilised in the country. Since this light scrap is not utilised it is permitted to be exported and due to great disparity between scrap prices in India and abroad very good scrap also often goes out of the country under the guise of light scrap.

This drain of valuable raw material at the cost of Indian industries could be stopped if the railway rates are properly adjusted. It is our suggestion that while the rates chargeable for scrap at present W. L/C at O. R. and W. L/C. R. at R. R. may be maintained the condition of loading to the carrying capacity by weight should be removed and freight charged on actual weight for movements from any location to the siding of an Electric Furnace and consigned to the owners thereof. This will enable the Electric Furnaces to utilize the light scrap and the turnings and borings and will also enable the Government to put a complete ban on scrap export.

Since the availability of melting scrap vis-a-vis the capacity of electric furnaces installed in the country is low and since in the recent past our electric furnace had to close down twice for want of scrap for long periods it is not in the interests of the country that such a thing should happen especially when the country is short of steel, we hope the Committee will consider our proposition and make suitable recommendations.

The Lucknow Merchants' Association,  
Lucknow.

#### GENERAL

1. The Railway freight has been considerably increased since the pre-war period rate structure and the present high prices of commodities has decreased the purchasing power of the community as a whole, and as such any increase in freight over and above the prevailing one will be highly detrimental to the public in general and merchant community in particular.

2. The Lucknow Merchants' Association is of the considered opinion that the Railways are fully responsible as carrier of goods and for the safe delivery of consignments at destinations. The Railways are already sufficiently staffed and it is rather improper

that an increase in freight structure be made on the plea of providing consignors with additional commitments in paying of claims. In fact it is the negligence on the part of the staff and lack of proper control and supervision on the part of authorities which is "likely to affect the claim position and consequent adjustment required in freight rates to meet any additional commitments." If the staff thinks that the work of Railway which cater the public and merchant is national work and if they imbibe a true spirit of service then the aggregate amount of claims liability of the Railway can in fact be lowered.



3. If in spite of the above, it is absolutely essential for the Railway to subscribe greater revenue to the general fund and an increase in freight has to be resorted to, to finance in Second Five Year Plan, then it is but proper that the ideal of Socialistic Pattern of Society and the principle of progressive taxation kept in view. By far the largest number of users of Railways are average middle class businessmen who hardly despatch a consignment above 20 mds. But the pity is this, that the bigger merchants have to pay less and the smaller

have to pay 6½% surcharge on the "Smalls" i.e. on consignments less than 20 mds. This is regressive in principle and amounts to disproportionate burden on the vast majority of businessmen, who have no other employment to fall back upon and as such is against the declared goal of Government to achieve a Socialistic Pattern of Society.

The opinion of the Lucknow Merchants' Association to some of the questions which are of interest to our members in general are given in the enclosed sheets.

## PART I-A

Q: 1. (b) Yes, the principle of telescopic rates on the continuous mileage basis is beneficial for the merchant community being easy in calculation and for checking purposes.

Q: 2. (a) For the development of Industry it is necessary that there should be cheapest special rates for raw materials, so that the cost of finished material may not be prohibitive and may help development of Industry in Second Five Year Plan.

Q: 4. The facility of charging no freight beyond 1500 miles should also be given to all wagon load scales, so that the development of Industry and trade may take place throughout the country and from one end to other end traffic may move.

Q: 8. No haulage charges should be levied on the empty tank wagons over all the Railways, to give identical facilities to the merchants of all zones.

Q: 12. Since the truck, lorry road traffic has considerably increased; it is in the interest of augmenting the Railway revenue that the minimum freight per wagon per consignment should be fixed for Rs. 20 instead of Rs. 1/12/- per ton wagon capacity. Initially it was Rs. 5/- then it was increased to Rs. 10/-. As such Rs. 20/- will be quite reasonable and relevant.

Q: 13. Minimum charges should not be increased as it has already been increased from Re. 0-8-0 to Re. 1.

Q: 14. The Minimum weight of 7 srs. for "Smalls" by Goods train is sufficient and should not be increased by this; as small dealers and merchants will be hard hit, which is against the Socialistic Pattern of Society. Dealers already pay the freight for 20 srs. charged minimum so no question should arise of increasing or decreasing the minimum weight of 7 srs. in "Smalls".

Q: 15. No. If traffic of smalls for all commodities upto maximum weight per consignment is placed in one class then the purpose of class rate formed in view of which a particular traffic can bear according to its public utility value will be forfeited and will again benefit big dealers.

Q: 18. There should be no additional charge by Express Goods trains; as in these progressive days and time, it is the duty of the Railway as carrier to have improvement as far as possible.

Q: 30. Station-to-station rates or lump-sum wagon rates is necessary for development of new industry and traffic for those stations; where there is need for that commodity and there is shortage of it.

## PART II

Q: 5. Consignments of Oil, Ghee, General Merchandise, Glass and Crockery etc. and other liquid commodities are being passed over hump yard (high level shunting) with the result that the consignments are damaged, which should be avoided. There should be no loose shunting and such wagons should be carefully handled.

Q: 17. The suggestions regarding provision of ware house facilities for storage of goods prior to despatch or after delivery is appreciated, and Lucknow Merchants Association will take responsibility at Lucknow, if the warehouses are constructed by the Railway.

Q: 21. Claims amounting to Rs. 50/- or

below must be paid utmost within a week. The claims above Rs. 50/- are paid very late and the profit is not being given. At least 12½% to 20% profit according to the commodity on the claim amount is absolutely essential to meet necessary bank charges, other expenses etc. and blockage of capital money for indefinite period. Refund should also be allowed by the Railway in paying claims to the merchants for the Railway freight, Octroi, Terminal Tax and Sales Tax paid by them on the consignments lost or short delivered. The system of not entertaining claims for Running Train Theft, which is the sole responsibility of the Railway is not understood by the merchant community and claim in this respect should be paid in full.

# The Upper India Couper Paper Mills Co., Ltd.,

Lucknow.

## PART I-B

### ANNEXURE V

Q: 1. Quantity of raw materials used in our mills to produce 1 ton of paper from different raw materials noted separately as under :

Rages	...	1.81	tons
Hemp	...	1.53	"
Jute	...	1.66	"
Khakee cuttings	...	1.17	"
Waste cotton	...	1.66	"
Binta	...	2.50	"
Tent cutting	...	1.25	"
Waste Paper	...	1.25	"

Q: 2. Total production of the finished goods :

Calendar year	Production in tons
1938	2663 tons
1947	2102 "
1952	1797 "
1953	2282 "
1954	2822 "

Q: 3. There has been no special effect of

the revision of freight structure in 1948 in respect of the finished product.

Q: 4. For the traffic despatched by rail the average longest distance being 900 miles and the shortest 40 miles.

Q: 5. All our supplies are coming by rail except short distance traffic from Kanpur, Barabanki and Sitapur on trucks by road to the extent of 10 to 15%.

Q: 6. The entire quantity of finished product is despatched from the mills by rail with the exception of a very small percentage say about 1%, of the production which is sold in the city locally.

Q: 7. (a) Average price and the average rail freight paid per md. for the principal raw materials:-

Raw materials.	Year.	Av. rate per md.	Rail freight per md. average.
Rags	1954-55	Rs. 5/- per md.	Rs. -/6/- per md.
Waste Paper	1954-55	Rs. 8/- "	" "
Rags	1938-39	Rs. 3/- "	" "
Waste paper	"	Rs. 4/- "	" "
Rags	1947-48	Rs. 4/- "	" "
Waste Paper	"	Rs. 4/8/-	" "

(b) Our present average price of the finished goods 1954-55 Rs. 1,155/- per ton. The corresponding figures for 1938-39 was Rs. 385/- and 1947-48 Rs. 927.

Q: 8. Figures of the despatches of finished products by rail for the different distances are not possible.

Q: 9. Nil.

## WEST BENGAL.

### Bengal Glass Manufacturers' Association,

Calcutta.

## GENERAL.

In submitting the views of the committee, I would invite your attention to the factual background of the glass industry of the country with the idea that it might be useful in judging the merits of the case of the industry with respect to freight rates.

The development of the glass industry in our country has attached special economic significance to raw materials of which there

is unlimited supply. Thus, sand, lime, lime stone etc. which are superabundant in their supplies, constitute the principal raw materials consumed by the industry in very great bulk. Increased production and consumption of glass and glassware deserve greater encouragement for the conservation of scarce metallic reserves. Besides, there is hardly any other industry the output of which admits of such varied uses as that of

the glass industry. This would be amply evidenced by the chart. Newer issues are still being discovered. The progressive use and increasing popularity of glass have to be traced to its greater resistance to attack by corrosive substances and food materials, its transparency, non-combustibility and ease of fabrication to different shapes and sizes. It is in appreciation of this varied role of the glass industry and its basic importance to national economy that the Panel on Glass Industry in its report observed "..... glass is to-day one of the triumvirates of modern industrial materials—the other two being steel and rubber—which are largely responsible for progress of science and technology." In all fairness, therefore, it can be said that we are living in the Glass Age where "glass is man's most invaluable and versatile servant." It is undoubtedly in recognition of the important role of the glass industry that the Planning Commission remarked, ".....as the producer and the consumer, the glass industry exercises considerable influences on the raw material economy and consumption goods industries in modern times. The dependence of several industries on glassware gives it an important place in the national economy and any comprehensive planning of industry would include adequate development of the glass industry."

The glass industry has certain salient features which have important bearings on the railway freight structure which is the subject matter of the present Enquiry and need proper appreciation while reviewing the existing rate structure. These special characteristics are:

- (a) Bulkiness of glass goods,
- (b) Small value in great bulk,
- (c) Relative brittleness of glassware,
- (d) Continuous process character of glass furnaces,
- (e) Labour intensive method of production,
- (f) Long haulage for raw materials, fuels and finished wares,
- (g) Consumption of raw materials in great bulk and their cheapness relatively to bulk,
- (h) Predominance of fixed (supplementary) costs as against variable (prime) cost of production.

The implications of the special features as outlined here above need some elaboration. Thus, the bulkiness of glasswares has the effect of reducing the carrying capacity of wagons. This calls for special care in the fixation of the minimum weight conditions. The brittleness of the finished wares imposes further limits to loading. It necessitates elaborate packing condition to eliminate the incidence of breakage, thereby making the wares all the more bulky for the purpose of transportation. The additional expenses of packing and the weight of packing materials seriously undermine what the glassgoods could pay by way of freight. Bulkiness coupled with brittleness of the wares makes it almost incumbent on the manufacturers to arrange speedy disposal of the finished goods so as to avert the problems of finding storage

space and the risk of loss arising out of the incidence of breakage in storage. The cheapness of the raw materials (e. g. sand, lime etc.) and finished goods relatively to bulk assumes special significance in the matter of classification and fixation of freight rates for the same. The heavy consumption requirement of raw materials and fuels coupled with the continuous process character of the furnaces requires regular and adequate supply of the same. In case of any remarkable fall in furnace temperature or cessation of fuelling the furnaces develop technical defects necessitating major repairs and at times, even renewals at heavy cost. Once a furnace is cooled down, it needs pre-heating for a pretty long time before production can be resumed. The glass industry is also a big provider of employment. Any break in production is sure to disturb industrial relation. It is, therefore, to the vital interest of the manufacturers to maintain continuity of production, irrespective of variation in volume of off-take and trend of prices. The proportion between fixed and variable cost of production virtually compels the manufacturers not only to maintain the *status quo ante* but also to maximise the volume of output so as to minimise the unit cost of production.

It would thus be evident that the freight rates have decisive influence on the glass industry through their incidence on cost of production and selling prices, encouraging or discouraging movement of raw materials and finished goods, determining industrial locations and above all, providing incentive or disincentive to progressive growth and expansion.

In course of replies attached herewith, relevant facts and data available have been massed to elucidate the impact and incidence of railway freight on cost and prices. It would be pretty clear that the glass industry has been placed into a peculiar predicament characterised by rising cost of productions arrayed against steep decline in selling prices. The incidence of the enhanced freight rates has been passed in full or in part on the manufacturers who can ill afford to bear the impact, particularly when the f. o. r. forwarding station rates do not often cover the basic cost of production. This maladjustment between cost and selling prices has been a regular feature in the marketing of items which command comparatively quick disposal. The volume of such transaction is quite significant. This, therefore, explains the precarious existence of the industry and is primarily responsible for delaying renovation and modernisation. Another redeeming feature of the industry is the frequent fluctuation in prices of finished wares. Besides, price of the same item also varies at one and the same time due to the absence of grading and standardisation, internal competition, irregular movements and so on. The prices quoted and items selected are of representative character so as to provide a correct view of the state of affairs of the industry *vis-a-vis* the railway freight rates.

The Association and the members thereof spared no efforts to refer the case of the glass industry to the railway authorities when the freight rates were reviewed upwards.

But record of correspondence of the period prior to 1950 are not available. Copy of the reply to a memorandum submitted by the Association to the Member, Transport, Railway Board, on the issue has been reproduced in Appendix B for your information. In the course of investigation which followed the representation, the Association furnished all facts and data as asked for but to no effect. The Committee of the Association hope that the present Enquiry Committee will be pleased to examine the prevailing freight structure in the light of details furnished and recommend the much needed relief in freight rates to the industry.

In this context, it may also be noted that although the glass industry has been included in the programme of industrial development in the private sector under the First Plan, which is going to be over soon, there has not been any material improvement in the condition of the industry. On the contrary, the high hopes raised in the minds of the manufacturers at the inception of the plan, which led to a raise in productive capacity, diversification of production, modernisation of the manufacturing processes etc., have only tended to handicap the manufacturers through increasing accumulation of unused capacity. The idle rated capacity has now been acting as a net dead weight burden on the industry. The following figures will explain the contention of the Association :

Current installed capacity ... \*2,89,300 tons

Over-all production targets (revised) under the First Five-Year Plan (1955-56) ... 1,39,000 tons

Production during

1951	...	112,748
1952	...	92,350
1953	...	*84,153
1954	...	*99,010

\* Excluding vacuum flasks reported in dozens.

It would not be out of place to mention here that the major revision in freight rates was effected in 1948 which followed the partition

of Bengal and virtual loss of the East Bengal market which provided the outlet for the bulk of the production of the industry in post-war days. It would not be too much to say that the glass industry of West Bengal was mainly conditioned by the East Bengal market. The loss of the market really gave rude shock to the industry to which quite a number of units had to succumb. It is, therefore, no wonder to find the glass factories of the state work much below their rated capacity. The industry could survive even at the loss of a number of constituent units only because of the sellers' market for glass and glassware as shall be evidenced by the trend of prices of certain representative items as incorporated in reply to Q: 44(d) of the questionnaire. But the co-incidence of drastic freight revision of October 1948 and the down trend in prices of glasswares since that time has acted to the serious detriment of the glass industry. The industry of State which had to seek market for its ware in increasing quantity in other States to maintain the level of production was seriously handicapped. Since then the unhealthy cost-price maladjustment started in consequence of which the weaker surviving units had either closed down permanently or changed hands while the financially stronger ones could somehow pull on. Given proper relief and succour through downward adjustment in railway freight rates, the industry of the State will surely be in a position to make its maximum contribution to the production and employment drives. It is fervently hoped that the Enquiry Committee will carefully consider the developmental needs of the glass industry.

The replies to the questionnaire, which follow, will, in general, hold good for glass industry of the country although the contention of the Association has in some cases been illustrated with specific instances drawn from the industry of the State.

The Committee of the Association regret the delay in submitting the replies. They would be only too glad to tender oral evidence before the Enquiry Committee if so desired and furnish all additional information as the Enquiry Committee might be pleased to ask for.

#### PART I-A.

Q: 1. (a & b) The adoption in October 1948 of the principle of telescopic rates on the continuous mileage over the different Indian railways has most adversely affected the glass industry in the following ways:

- (i) Abolition of the station-to-station rates.
- (ii) Upgrading of the classification coupled with upward revision in the basis of class rates resulting in higher freight rates, followed by further increases on subsequent occasion with an overall enhancement in the net burden of freights on the industry.
- (iii) Enhancement of the carrying capacity of wagons.
- (iv) Withdrawal of the benefit of full wagon-load rates from a number of items.

(v) Rigidity of the revised freight structure and its unsuitability to the needs of a developmental economy.

(vi) Imposition of heavy burden on short distance traffic, particularly in view of the retention of the short distance charge

(vii) Fixation of standard terminal charges irrespective of variation in costs and loading and unloading done by owners themselves.

(viii) Disincentive to long distance traffic and undue impetus to lop-sided development of industries in certain areas.

To be more specific, while the price per maund of silica sand varies from Re. -/6/- to Re. -/9/- according to quality, the railway freight per maund comes to about

Re -/13/- as from Manikpur (Naini Section) on the Central Railway to Howrah as against the previous rate of Re. -/6/- per maund.

The following table will furnish the prevailing freight rates on silica sand for other destinations :

Station from		Station to		Rate per maund		
				Rs	a.	p.
Sankargarh	...	Ghatkoper (Bombay)	...	1	0	4
Lohgra	...	Do.	...	1	0	5
Allahabad	...	Do.	...	1	0	11
Naini	...	Do.	...	1	0	8
Baragarh	...	Bally (West Bengal) via Naini	...	0	11	5
Shankargarh	...	Do.	...	0	11	2
Lohgra	...	Do.	...	0	11	1
Shankargarh	...	Delhi (via Naini)	...	0	10	11
Lohgra	...	Do.	...	0	10	10
Baragarh	...	Do.	...	0	11	0
Naini	...	Do.	...	0	10	6
Allahabad Jn.	...	Do.	...	0	10	5

It is further understood that in the case of calculation of freight due per wagon, one ton extra is added to the net weight of sand supplied. The rationale of this procedure is not known to the Association. What is more, glass factories have often to supplement shortfalls in supplies direct from quarry point stations, like Lohgra, Baragarh and Shankargarh arising out of chronic shortage of wagons in the section by supplies via Allahabad and Naini at an additional expense varying between -/4/- to -/6/- per maund towards cost of road transport of sand from the quarries to the railway points.

It also deserves special mention that although a terminal charge of -/1/- per maund is levied, loading and unloading of sand is done by the suppliers and the indentors for which no rebate or refund is allowed. Besides, sand supplied in open wagons, because of shortage of covered

empties and drenched in transit during the monsoons is charged on the basis of the gross weight of the wet sand at the destination station. This imposes two-fold burden on the industry :

- Loss of sand in transit during dry season and addition of impurities.
- Loss on account of heavy freight liability on wet sand and the cost of drying the same prior to its use to ensure proper mixing and avoid loss of furnace temperature.

It is pertinent to observe that in the case of sand the freight paid is far in excess of the basic price of the item.

The railway freight on lime is also pretty heavy. The average price per maund of lime works out to about Rs. 1/12/- while the freight payable on different destinations are as follows :

Station from		Station to		Rate per maund		
				Rs.	a.	p.
Katni Marwara	...	Delhi	...	0	12	6
Katni	...	Bombay	...	0	14	6
Katni	...	Howrah	...	0	14	6 (approx.)

The railway freights charged on dolomite and lime stone consumed by the glass industry are also cases in point. Thus, while the price of dolomite is -/5/- per md. f.o.r. Baraduar (S.E. Rly.) the prevailing railway freight chargeable for movement of the same to Asansol (Eastern Rly.) is -/9/10 per md. In case of limestone, as against the price of -/6/6 per md. f.o.r. Jukehi (Central Railway), the railway freight for transport to Asansol comes to -/12/8 per md. It is learnt that steel factories enjoy the benefit of special station-to-station rates for lime, limestone and dolomite because of the incidence of railway freight. If the steel industry cannot afford the ordinary railway freight rates for these items, it is inconceivable how the glass industry could be made to pay the

enhanced rates. Besides, the consumption requirement of these bulky raw materials is quite heavy for the glass industry of each zone.

This disproportionately heavy incidence of railway freight is highly significant in the case of glass industry because of the very heavy percentage of consumption of sand, lime, limestone, dolomite etc., relatively to other chemical ingredients (vide table in Annexure V, Pt. I-B under point 1). Of the raw materials, fuels and chemicals, sand, again, assumes greatest significance as it gives the weight to glass while other raw materials are lost in part through evaporation, sieving, volatalisation etc. Thus, against the consumption of 1 wagon of lime and



50 tons of soda ash, the proportion of sand will be about 7 wagons. Anything that tends to increase the cost of sand will invariably raise the cost of production to a correspondingly higher level.

In the case of movement of manufactured glassware, the picture is also the same. For example, the freight rates on glassware ex-Shalimar to Bombay and Madras were Rs. 1/4/- and Rs. 1/8/- per md., respectively up to the end of 1947 as against the corresponding rates of Rs. 4/- and Rs. 3/6/- prevailing to-day for Bombay and Madras respectively.

It is, therefore, no wonder to find a number of units of the glass industry develop in Southern India because of this prohibitive freight rates on finished goods even when such industrial location is not justified on economic grounds. As a result, many, if not all, of the units so started are now in marooned and moribund condition. This is highly ominous for the glass industry.

Freight rates have been further enhanced since April 1955 in terms of the railway freight rate policy announced on the occasion of the presentation and adoption of the Railway Budget for 1955-56. Even in the absence of details of the pre-1948 rates a comparative study of the post-1948 rates and the revised rates effective from 1-4-55 would be quite revealing. Let us for example take the case of articles covered by Glassware division 'C' falling under 7 RR and 5 OR.

Class	Rates effective from 1-10-48 (pies per md. per mile for the first 300 miles)	Revised rate in force from 1-4-55 (pies per md. per mile for the first 300 miles)
5	0'68	0'75
7	0'78	0'86

The RR rate has been virtually a misnomer for the glass industry because of the inherent difficulties in the enforcement of claims for damages, loss in transit etc. of glass and glassware. It would thus be evident from the above that the revision of the freight structure in 1948 hardly took into account the case of the industry. Even assuming but not conceding for the moment that the case of the glass industry was considered, the situation between then and now is widely divergent. Even though the number of units decreased in subsequent years, location, capacity of production, the volume and variety of actual production underwent vital transformation, necessitating increased movement of raw materials and finished goods both in volume as also in longer haulage.

This will be amply corroborated by the trend of production and imports since 1948.

#### Trend of production

Year	Total production (in tons)
1948	67,581
1949	85,760
1950	103,270
1951	112,743
1952	*92,350
1953	*84,653
1954	*99,010†

\* Excluding bangles

† Excluding Thermosflasks reported in dozs.

#### Trend of imports (Value in lakh Rs.)

Year	Total value of imports
1947-48	365.54
1948-49	165.04
1949-50	191.40
1950-51	57.43
1951-52	215.01
1952-53	128.43
1953-54	135.64
1954-55	138.78

While indigenous production has increased since 1948, the volume of imports as indicated by value has on the whole been declining. Except for sheet glass, which comprises more than 50% of the total value of imports, the import of other items is being progressively dispensed with. The Glass Industry is, therefore, attaining increasing importance from year to year. It is already high time for the railway freight structure being adjusted to the special developmental needs of the industry. The industry to-day suffers from accumulation of heavy unused capacity and higher unit cost. The remedy lies in fuller utilisation of the rated capacity which calls for accessibility of glass goods to consuming centres and supply of raw materials and fuels at lower freight rates to ensure supply at cheaper rates.

(c) The incidence of railway freight rate on glass industry with respect to short distance and medium haul traffic in view of adoption of the telescopic rate has been still further intensified by the increase of 10% in the freight rates effective from 1st April 1955. Although some relief has been attempted to be extended by keeping the freight rates on all movements from 300 to 600 miles in tact and reducing those beyond 600 miles by 15%, the benefit of telescopic rates has been extended to certain long distance traffic only at the cost of short distance traffic. This has already entailed serious repercussions on the glass industry of the country through enhancement of the ex-factory prices of raw materials and fuels which were already pretty high. This is so because of the organisation of the glass industry on the basis of regional advantages of location and the short and medium haulage needed for raw materials and coal. In other words, raw materials of the glass industry like sand, lime, limestone and fuel i.e., coal have not, in general, to move over 600 miles. Similarly, the imposition of surcharge of 6½% on the 'smalls' the freight rates on which were already generally higher by about 20%, practically tended to discourage the traffic in smalls to the serious inconvenience of small scale consumers located in far off places. In absence of alternative means of transport and the inherent limitations to storage, the movement of glass goods at the existing rates should not be taken to be the sole criterion to judge the reasonableness of a rate. The figures furnished in reply to Q: 44 will show how and at what cost glass goods are being moved by rail just to keep the furnaces in operation and amity in industrial relation.

Q: 2 (a & b). Although the Railway Administrations have been authorised to quote special concessional rates and the Railway Board as well as the Railway Rates Tribunal has power to reclassify an item

under a lower class, this power has not been liberally exercised to suit the needs of the industry with respect to expansion and development. In other words, the new rate structure has been rendered rigid in the name of standardisation. The Association represented to the Railway Board for quotation of reduced rates for movement of raw materials and finished goods. But it is unfortunate that the Railway Board could not see eye to eye with the manufacturers in regard to the need for reduction of rates. The Railway Administrations have rarely been convinced of the need for any special rates. The proposition has been viewed mainly from the financial standpoint. But the transport policy to be useful for the industries need be geared to the needs of an expanding economy. The simple fact of movement of traffic at the prevailing higher rates weighed so heavily with the railway authorities that they failed to take cognisance of the impact of the existing prohibitive rates. There is no reason to disprove that with a lower freight rate the movement of traffic would have been much greater. In assessing the effect of the revised freight policy the Railway Administrations can hardly be oblivious of the fact of industrialisation and the increase in traffic that would have followed in the wake of national economic development in the absence of the prevailing prohibitive freight structure. Besides, the argument that traffic is moving satisfactorily at the present rates hardly applies in a situation where traffic requirements far exceed transportation capacity. The Association strongly holds that while the Railway Administrations should look for justification of reduced rates on the ground of traffic development, they can hardly overlook the urgent need for stimulating development of industries served by the railways.

Q: 3. (i) Some of the raw materials consumed by the glass industry e.g., coal, lime, limestone, refractories, sand and soda ash are covered by wagon-load scales. The finished products of the industry have neither been granted the privilege nor even a lower class rate is applied to them when moved in wagon-loads, although at the present level of production capacity the industry of the State of West Bengal needs about 400 wagons per month for the movement of finished wares. The provision of this facility shall surely encourage development and progress of the industry of the State which enjoys a number of locational advantages.

Q: 4. The Association appreciates the rationale of the present freight structure in respect of long distance traffic in so far as transport of certain commodities beyond the distance of about 1500 miles no charge is made. This suits very well in the context of transport requirement in India which is a country of long distance. But this concession has been granted to a limited number of items moving over such long distance only by subjecting short distance traffic to prohibitive freight rates. Movement of traffic up to 300 or 600 miles is pretty heavy and there should practically be no justification for imposition of heavier freight rate impairing the basic interests of the industries and the consumers alike. In other words, the maximum of each class rate need be reached for distance earlier than 1500 miles as at present.

Q: 5. *Terminal Charge* : In so far as sand and lime are concerned, the standard terminal charge is -/1/- per md. irrespective of the distance traversed. But the charge impinges heavily on the industry in view of

- (i) cheapness relatively to bulk;
- (ii) heavy consumption requirement;
- and (iii) loading and unloading handled by consignors and consignees themselves.

A reduction in the existing rate is, therefore, suggested particularly for sand.

*Short Distance Charge* : In terms of the telescopic rate in vogue, traffic moving over short distance has already been paying at a relatively higher rate than traffic over long distance. Prior to the introduction of the telescopic rating system, the short distance charge had its justification. The prevailing higher rate for short distance traffic sufficiently compensates for the high incidence of wagon occupation in relation to the service performed. Besides, in case of short hauls usually 'local' wagons are used and these wagons are released quite promptly. The carrying capacity of these wagons is not, therefore, materially affected. Hence, the existing short distance charge need be withdrawn.

*Transshipment Charge*: It is just another way of screwing out extra charge for additional revenue. Against the background of the enhanced freight rates under which the glass industry has been smarting, the levy of this charge has been an additional burden and need be waived.

Q: 14. The existing minimum weight of 7 seers for 'smalls' consignment carried by goods train need be maintained without any upward gradation for the reason that 'smalls' traffic, which has at present to bear a disproportionately heavy burden, shall be subjected to still heavier burden if this traffic is left to be carried by parcel train. Besides, goods and parcels traffic have their distinctive features necessitating co-existence without meaning any duplication.

Q: 15. The proposed classification of 'smalls' traffic carried by goods trains up to a maximum weight per consignment under one category or class sadly ignores the salient fact that ability of different commodities to bear the burden of transport charges is widely different. Thus, glass and glassware, irrespective of volume, cannot be placed in the same class as chemicals, drugs, etc. Besides, other traffic features also stand on the way to the omnibus classification of 'smalls'. The adoption of this suggestion will render movement of certain items in smalls most unremunerative to the serious detriment of the consumers thereof.

Q: 16. (i) In so far as glass goods under division 'C' are concerned, any upward revision in the existing 'W' condition (i. e. minimum weight condition) for qualifying for a wagon load rate in the name of ensuring better transportation capacity would most adversely affect the glass industry, the products of which are not only bulky but are also extremely fragile. The brittleness of glassware

makes for such a packing condition for safe transit as to make the size of each package all the more bulky. The recent upward revision of the minimum weight condition on the Eastern and South-Eastern Railways from 120 to 160 mds. per B. G. wagon for glassware under division 'C' has placed the industry into serious difficulty. Past experience shows that a B. G. wagon of usual shape and size can never contain 160 mds. of glass goods in normal packing to ensure safe movement. It has so happened that even in cases where 160 mds. of glassware cannot be accommodated into an ordinary B. G. wagon, registration fee previously deposited, is being forfeited. Compliance of enhanced minimum weight condition would result either in unduly heavy percentage of breakage, forfeiture of registration fee or non-availability of wagons for movement of glass goods.

(ii) This suggestion, if implemented, is sure to discourage movement of certain types of traffic which are moved mainly in 'smalls' and occasionally in wagon loads and unduly discriminate against the vast range of commodities for which wagon-load rates are not quoted. Enforcement of minimum weight condition varying with the special characteristics of traffic can ensure better utilisation of transportation capacity. To ensure better usage of wagon space, wagonload scales need be provided for as many items as possible and thus encourage movements in bulk.

Q: 18. The Association is strongly opposed to the suggestion for imposition of additional charge for "express goods services" recently introduced. The quick rate of turn-round of wagons of express goods trains compensates the railway authorities for the service rendered. Besides, this is also likely to result in unfair competition amongst co-manufacturers because of difference in freight rates.

Further, express goods service is available only for full wagon loads. In the commodity market, the wholesaler invariably always enjoys the benefit of a lower price as compared with the retailer. Projecting the same commercial principle in the case of railway transport, it may quite reasonably be argued that the bulk users of transport, who sustain the railways, need be accorded certain privileges. Under the express goods service system, the bulk users stand to gain only through quick transit of their goods while the railways are immensely benefitted by quick turn-round of the rolling stocks, and fuller utilisation of available wagon space. Furthermore, in a country of long distance like ours where traffic is intensive only in certain areas, the express goods service has special significance. It serves the basic interests of industrial belts in quick disposal of products and the consuming

centres or markets in having a continuous flow of supplies. The Railway Administrations should, therefore, think in terms of increasing provision of quick transit to the traffic offered to mutual advantage.

Q: 21. In case charges for short distance are found to be unremunerative, the remedy is to be found in the improvement of operational conditions and reduction in costs:

(a) In so far as the glass industry is concerned, the existing package condition and the inherent fragility and bulkiness of glass goods do not warrant movement by any other alternative mode of transportation over distance without involving heavier percentage of breakage and unduly raising the cost of transportations. The raw materials consumed by the industry have, in general, to be carried over distances varying between 500 and 600 miles. It is most uneconomical to have these carried by road transport. That would ring the death-knell for the glass industry. A scientific co-ordination amongst alternative means of transport is always desirable to supplement and not supplant the existing transport facilities.

(b) Any further upward revision in freight rates on short distance traffic in the interest of diversion of traffic to other means would have disastrous consequence on the glass industry unless and until network of inland waterways is developed.

(c) At present transport of glass goods by sea and inland water services is seriously discouraged by special packing conditions insisted upon by the carriers, resulting in heavier packing charges and increased handling and transhipment involved in such movements. Besides, the long time taken in coastal service compared to the all-rail route and the large number of formalities to which booking of goods by coastal shipping is subjected to are also responsible for the general preference for railways over rail-cum-sea route. Above all, although cost of transportation by sea is normally lower than that by rail, coastal freight in our country happens to be higher than the corresponding freight by all-rail route. The prevailing wide disparity in freight rates, therefore, explains the general preference for rail transport.

Q: 22. The following statement of freight rates for short distance traffic for glass and glassware will explain the comparative position:

Rate per md. for Glassware Dvn. 'C'

	By rail	[By road (approx.)]
	Rs. A. P.	Rs. A. P.
From Howrah to Burdwan ...	0 5 9	1 0 0
From Howrah to Asansol ...	0 9 4	1 4 0

Inland water communication facilities for short distance is not yet available for the glass industry of the State. Road movement is also casual and lacks continued flow and rates vary from season to season.

The comparative figures of rail and road transport rates would reveal the wide disparity in rates and the over-all preference for rail transport can be explained on the ground of freight differential, other

things remaining the same. Besides, the volume of short distance traffic is still extremely limited for glass and glassware.

Q: 23. The Association endorses the suggestion for creation of a freight pool with respect to the following items concerning the glass industry so as to keep fairly uniform the freight rates irrespective of distances:

Sand  
Lime  
Limestone  
Dolomite  
Saltpetre and  
Finished glass and glassware.

The freight pool is to be operated on an all-India basis.

In the establishment of the freight pool, the Association would advocate the exclusion from it of traffic moving upto, say, 200 miles.

Q: 25. A freight pool might be left to be worked by an appropriate body under the Railway Board duly represented by trade and industry.

Q: 26. To further the pace of development of the glass industry of the country, the existing freight structure should be amended in such a way as to provide for-

- (a) movement of raw materials and fuels at concessional rates;
- (b) restoration of the privilege of station-to-station rates;
- (c) revision of the existing classification of glassware on the basis of what the traffic can bear;
- (d) arrangement for suitable adjustments in terminal and short distance charges;
- (e) introduction of cheaper wagon-load rates for all movements in bulk; and
- (f) downward revision in the minimum weight condition for glassware.

Q: 28. The Association requested the Railway Board for special station-to-station rates with respect to movement of raw materials, fuels and finished glassware. But the Railway Board did not see eye to eye with the Association in providing for the special rates. Copy of reply is enclosed (Vide Annexure "B")

Q: 29. With the revision of the freight structure in 1948 and the abolition of number of station-to-station rates, the movement of sand and finished glass goods has been most adversely affected as would be evident from particulars furnished in reply to Q: No. 1. (a & b) of Part I-A of the Questionnaire.

Q: 30. Station-to-station rates should be revised not only to foster development of new industries and to assist export trade but also to accelerate the rate of progress of existing industries like the glass industry which can ill-afford to bear the disproportionately heavy burden of the revised freight structure. The heavy freight rates on finished glass goods is partly responsible for the accumulation of unused capacity in so far as the glass industry of West

Bengal is concerned. The industry of the State, while favoured by atmospheric and environmental conditions, availability of labour, coal, etc., and the momentum of the start, is being seriously beaten down by the cost of transport involved in movement of finished wares to Bombay, Madras and other important consuming centres, resulting in undue decentralisation in the location of the industry and accumulation of unused capacity in the established units. It would be interesting to note that as against 34 units in operation in West Bengal in 1948 not more than 23 factories are working to-day. The reason for such large scale close down has to be found in difficulties in marketing. The loss of Pakistan market in the wake of partition coupled with the upward revision in freight rates and abolition of special as well as station-to-station rates is responsible for the present state of affairs.

Q: 31. In the formulation of the railway freight policy not only should the cost of service principle be given proper emphasis, the value of service principle, i. e., what the traffic can bear, should also be given no less prominence to foster economic development and progress. The developmental needs of under-developed regions, the continuity and volume of traffic offered, the purpose and direction of traffic etc., should receive proper consideration.

Q: 32. In the face of the increased emphasis on industrialisation in the Second Plan, it is but natural that the industries supplying basic raw materials, intermediate and capital goods should receive special preference in the matter of classification and freights. Thus, the Indian Glass Industry, the major part of whose output is comprised of intermediate goods i.e., containers, must be accorded the benefit of concessional freight rate so as to economise the price of the containers at the consuming points. In many industries, particularly ink, cosmetics, preserved fruit and food etc., the cost of the containers constitutes a very high percentage of the cost of production of the bottled stuffs. To be more specific, in case of the ink industry the cost on account of glass containers is as high as 30% to 40% of the cost of production. The rigidity in the cost of manufacturing glass calls for special examination of its case for concessional freight. Anything that tends to bring down the cost of containers will surely provide a definite fillip to the development of industries dependent on the glass industry for its wares. In view of the multifarious uses to which glass can be put and the urgent need for conservation of depleted stocks of scarce raw materials, the industry can quite legitimately claim preferential treatment in the matter of classification and railway freight rates.

Q: 33. In lieu of the proposed classification of the industries between established and newly planned, the Association would suggest classification of industries according to their capacity to bear transportation charges and the stage of development attained. In other words, distinction may be drawn between well-developed and/or under-developed industries for the purpose of fixation of freight rates. This would suit the requirement of industrial development under the Plan.

Q: 34. The proposal for recovery of charges on the basis of inflated mileage for limited period to finance construction of new lines which are otherwise unremunerative would seriously interfere with industrial location in those areas and thus betray the purpose of extension of rail transport facilities. The investments on new lines need be treated as developmental expenses and returns spread over a reasonable length of time. The Association is of the opinion that the railway administration should not fight shy of initial financial liability involved in the construction of new lines in under-developed areas as this should very well be treated as a part of developmental expenditure and the initial losses offset by subsequent enhanced returns through economic development of those areas covered by the new lines.

Q: 35. For some years to come, the railways should not be looked upon as the milch cow making adequate contributions to the general revenue of the Union. As against this background, freight rates should be broad-based on a proper reconciliation of the cost of service and value of service principles subject to certain adjustment designed to meet the requirements of exceptional circumstances.

Q: 44. In the marketing of glass goods prices are quoted f.o.r. destination or f.o.r. forwarding station according to circumstances. But the usual practice of the glassware market is to quote f.o.r. forwarding station.

(a & b) The table at Page 479 will illustrate the incidence of freight rates on the supply prices of finished wares.

For out-station supplies, the manufacturers or their agents have to provide free packing the cost of which varies between Re. 1/- and Rs. 1-5-0 as in the case of gunny bag packing and Rs. 3-4-0 to Rs. 3-12-0 as in the case of supplies in baskets. While bottles are usually supplied in gunny bag packing, glasswares like tumblers, jars, plates, cups, bowls etc., are despatched in baskets.

The following salient points emerge from the above table:

- (i) A glance at columns 5, 6 and 10 (P. 479) will explain how the railway freight payable per gross is in excess of the difference between f.o.r. destination and f.o.r. forwarding station rates with respect to most items. That is, the railway freight is shifted in whole or in part to the manufacturers or their agents.
- (ii) With packing charge added to column 10, (P. 479), the position becomes all the more preposterous for the glass manufacturers or their authorised agents.
- (iii) The incidence of the freight becomes all the more heavy when account is taken of the weight of packing materials per basket or bag for which full freight is to be paid.
- (iv) Weight of packing materials varies with the size of articles. In case of tumblers, jars etc., more of straw has to be put in a basket and the articles consume more basket space and hence the quantity of glass that can be accommodated becomes very low.
- (v) For hollow wares i.e. bottles, jars, etc. which constitute the bulk of the total production the existing rate structure is most unsuitable. This calls for immediate revision in railway classification and adjustment in the freight structure.
- (vi) Development of the glass industry on economic and efficient lines also calls for downward adjustment in the existing rates. Otherwise the growth of this industry on the basis of regional self-sufficiency favoured by the handicap arising out of the existing prohibitive freight rates is not surely a happy trend.

The following table will furnish further details of the packing condition vis-a-vis railway transport:

Item	Quantity accommodated in a standard basket/bag	Weight per basket/bag	Weight of glass	Weight of packing materials	Selling price f. o. r. Calcutta
Rs. a. p.					
<b>Jars :</b>					
10 lbs. Jar	9 pcs.	1 md.	14 srs.	26 srs.	20 0 0 per doz..
8 "	9 "	1 "	14 "	26 "	17 0 0 "
6 "	1½ doz.	1 "	13 "	27 "	14 8 0 "
4 "	1½ "	1 "	15 "	25 "	8 8 0 "
1 "	4 "	1 md. 5 srs.	30 "	15 "	3 0 0 "
½ "	6 "	do	30 "	15 "	2 0 0 "
4lbs. Sq. jar	1½ "	1 md.	10 "	30 "	8 0 0 "
3 "	2 "	1 "	13 "	27 "	5 4 0 "
3 „ Goglet Jars	1½ "	1 "	13 "	27 "	9 0 0 "
6 „ Biscuit „	1 doz.	1 "	15 "	25 "	14 8 0 "
8 „ Parry „	10 pcs.	1 "	15 "	25 "	24 0 0 "
1 lb. Gallon,,	1 doz.	1 "	12 "	28 "	11 0 0 "



Item	Quantity accommodated in a standard basket/bag	Weight per basket/bag	Weight of glass	Weight of packing materials	Selling price f. o. r. Calcutta
<i>Tumblers :</i>					
					Rs. A. P.
16 oz.	5 doz.	1 md.	25 Srs.	15 Srs.	40 8 0 per gross
14 "	8 "	1 md. 10 srs.	30 "	20 "	28 0 0 "
12 "	9 "	1 " 5 "	35 "	10 "	25 4 0 "
11 "	9 "	1 " 5 "	30 "	15 "	22 8 0 "
8 "	1 gross.	1 " 10 "	30-5 "	15-20 "	17 0 0 "
6 "	15 doz.	1 " 5 "	30 "	15 "	14 8 0 "
<i>Chimneys :</i>					
252 dome	10 "	1 " 5 "	25 "	20 "	18 0 0 "
<i>Bats :</i>					
8" plate	4 "	1 " 5 "	22 "	23 "	4 4 0 "
<i>Plates :</i>					
6" Fancy plates	8 "	1 " 10 "	34 "	16 "	27 0 0 "
<i>Empty Glass Bottles :</i>					
19 oz Whisky	4 "	1 "	21 "	19 "	30 0 0 "
16 " Tincture	6 "	1 "	25 "	15 "	18 0 0 "
4 " Hair Oil	1½ gross.	1md. 5 srs.	30 "	15 "	9 0 0 "
2 " Snow pot	2½ "	1 " 10 "	35 "	15 "	6 0 0 "

(d) The particulars of freights applicable to the various items of the glass industry in earlier years are not on record.

In this context, the trend of selling prices of certain representative items will explain the impact of the freight rates on the glass industry :

Items	Price (nett) per gross in Cal.						
	1938	1948	1951	1952	1953	1954	1955
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
6 oz. tumbler ...	6 0 0	18 0 0	16 0 0	14 0 0	12 8 0	12 0 0	10 8 0
12 oz. tumbler ...	8 0 0	25 0 0	22 0 0	19 0 0	18 0 0	16 8 0	16 0 0
½ lb. jar	10 8 0	30 0 0	27 0 0	24 0 0	22 0 0	21 0 0	20 0 0
1 lb. jar ...	15 8 0	42 0 0	38 0 0	34 0 0	32 0 0	31 0 0	30 0 0
4 oz. hair oil ...	5 0 0	17 0 0	16 0 0	14 0 0	12 0 0	10 0 0	9 0 0
16 oz. tincture ...	9 0 0	23 0 0	22 0 0	20 0 0	19 0 0	18 0 0	18 0 0

It would be evident from the above noted figures that the selling prices to-day are invariably higher than those in pre-Second War period (i.e. 1938-39). But this must not be taken as an index of the improved capacity of the industry to bear the transport charges. The acute inflation in cost of pro-

duction of the industry during war and post-war years has not only offset the benefit of higher prices but has also placed the industry in a worsened economic plight. A reference to the following table will prove conclusively the contention of the Association:

*Trend of cost of raw materials, fuels packing materials & wages in Calcutta.*

		1938	1946	1950	1955	
		Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	
Soda Ash	...	*130 0 0	*200 0 0	335 0 0	370 0 0	per ton
					(magadi)	
				406 4 0	446 4 0	do.
					(indigenous)	
Sand	...	13 2 0	28 0 0	50 0 0	38 0 0	do.
Coal	...	7 0 0	21 0 0	23 8 0	24 0 0	do.
Furnace Oil	...	30 0 0	70 0 0	114 15 0	162 8 0	do.
Lime	...	42 0 0	140 0 0	105 0 0	80 0 0	do.
Borax	...	200 0 0	520 0 0	700 0 0	700 0 0	do.
Saltpetre	...	300 0 0	750 0 0	900 0 0	1000 0 0	do.
Bichali (grass)	...	35 0 0	100 0 0	112 0 0	270 0 0	do.
Gunny Bags	...	15 0 0	35 0 0	50 0 0	50 0 0	per 100
Cardboard Boxes	...	10 0 0	55 0 0	85 0 0	110 0 0	per 1000
Blower's wages	...	50 0 0	130 0 0	150 0 0	150 0 0	per month
						(average)
Helper's wages	...	40 0 0	110 0 0	125 0 0	125 0 0	do.
Bubler's wages	...	22 8 0	75 0 0	75 0 0	75 0 0	do.
Cooly's wages	...	15 0 0	45 0 0	50 0 0	50 0 0	do.

\* Less refund of import duty on imported Soda Ash.

N. B.—The rates for raw materials, fuels and packing materials refer to purchase prices by factories exclusive of cartage and short weight.

A comparative study of the cost and prices in 1938 and now will lend support to the fact that the current prices of glassware although higher than those in 1938 are still lower than what would have been justified by the trend in cost of production. In short, the glass manufacturers of the country to-day are faced with declining prices for finished wares arrayed against steep rise in cost of production. Against this factual background, implications of the upward movement in railway freight rates since 1948 are not difficult to comprehend. Truly speaking, the prevailing rates have been stifling further development of the industry. For an industry, which is a bulk user of railway transport, the incidence of the existing freight rates on the industry is highly ominous.

Q: 50. Under the 2nd Five Year Plan, the monthly transport requirement of the glass industry of the State of West Bengal with respect to broad categories of items would be as follows:

Items	Approx. current requirement (in B. G. wagon) per month	Requirement under 2nd Five Year Plan (in B. G. wagon) per month
Coal	300	450
Sand	140	200
Finished goods	400	600
Lime & Lime stone	18	25

The approximate length of movement for the above-noted items will be as follows:

Coal	...	150 to 200 miles
Sand	...	500 to 600 miles
Finished ware	...	50% of the enhanced requirement will be for distance varying between 801 to 1,000 miles.
Lime	...	500 to 600 miles.
Refractories	...	150 to 200 miles.
Dolomite	...	300 to 500 miles.

[REFERENCE Q: 44 (a &amp; b)]

Item	Forwarding Station	Destination Station	Freight per md.	Price per gross		Quantity accommodated in a standard Basket/bag	Weight per Basket	Total Freight per gross	Total of f.o.r. forwarding Stn. plus freight due per gross (Col 6 & 9)
				f. o. r. Destination Station *	f. o. r. Calcutta				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>Tumblers</b>			Rs. a. p.	Rs. a. p.	Rs. a. p.	(Per basket)		Rs. a. p.	Rs. a. p.
8 oz. Tumblers	Shalimar	Bombay	4 0 2	20 0 0	15 0 0	1 Gross	1 md. 10 srs.	5 0 3	20 0 3
"	"	Cochin Hr.	4 10 4	21 0 0	15 0 0	"	"	5 12 11	20 12 11
"	"	Delhi	3 0 7	18 0 0	15 0 0	"	"	3 12 9	18 12 9
"	Howrah	Kanpur	1 14 6	18 8 0	15 0 0	"	"	2 6 2	17 6 2
"	"	Lucknow	2 2 4	18 8 0	15 0 0	"	"	2 10 11	17 10 11
"	Shalimar	Madras	3 6 11	19 0 0	15 0 0	"	"	4 4 8	19 4 8
"	"	Nagpur	2 7 0	19 0 0	15 0 0	"	"	3 0 9	18 0 9
<b>Empty Glass Bottles</b>						(Per bag)			
6 oz. Tincture	"	Bombay	3 4 7	24 0 0	18 0 0	6 doz.	1 md.	6 9 2	24 9 2
14 oz. Hair oil	"	"	3 4 7	14 0 0	9 0 0	1½ gross	1 md. 5 srs.	2 15 4	11 15 4
9 oz. Whisky	"	"	3 4 7	33 0 0	30 0 0	4 doz.	1 md.	9 13 9	39 13 9
12 oz. Snow pot	"	"	3 4 7	8 0 0	6 0 0	2½ gross	1 md. 10 srs.	1 10 4	7 10 4
36 oz. Tincture	"	Madras	2 13 11	23 0 0	18 0 0	6 doz.	1 md.	5 11 10	23 11 10
16 oz. Hair oil	"	"	2 13 11	13 0 0	9 0 0	1½ gross	1 md. 5 srs.	2 9 4	11 9 4
19 oz. Whisky	"	"	2 13 11	32 0 0	30 0 0	4 doz.	1 md.	8 9 7	38 9 7
2 oz. Snow pot	"	"	2 13 11	8 0 0	6 0 0	2½ gross	1 md. 10 srs.	1 7 0	7 7 0
16 oz. Tincture	"	Delhi	2 9 4	22 0 0	18 0 0	6 doz.	1 md.	5 2 8	23 2 8
4 oz. Hair oil	"	"	2 9 4	12 0 0	9 0 0	1½ gross	1 md. 5 srs.	2 3 8	11 3 8
19 oz. Whisky	"	"	2 9 4	31 0 0	30 0 0	4 doz.	1 md.	7 12 0	37 12 0
2 oz. Snow pot	"	"	2 9 4	7 0 0	6 0 0	2½ gross	1 md. 10 srs.	1 4 8	7 4 8

\* Inclusive of packing charges.

PART I-B.  
ANNEXURE V.

Q: 1. The weights of principal raw materials and coal required to produce one ton of finished glass of ordinary composition is as follows:

*Raw Materials*

Description	Approx. Quantity
Sand	... 22 Mds.
Soda Ash	... 5.5 cwts. to 7 cwts.
Lime	... 2 to 3 mds.
Sodium Nitrate	... 27 srs.
Felsper (optional)	... 27 srs.
Dolomite (optional)	... 27 srs. to 1 md. 14 srs
Borax	... 6 to 30 srs.
Arsenic	... 1½ to 3 srs.
Selenium	... 2.7 tolas.
Cobalt oxide	... Negligible
Fuel/Coal	... 2 to 5 tons.

Q: 2. The total annual production of finished glass and glassware during the years 1938-39 to 1954 are as follows:

Year	Total production (in tons)
1938-39	... 34,000
1946	... 81,267
1947	... 80,000
1948	... 69,561
1949	... 85,760
1950	... 103,270
1951	... 112,743
1952	... 92,350
1953	... *84,653
1954	... *99,010

\* Excluding Thermosflasks reported in dozens as per details given below:

1953	... 40,200 dozs.
1954	... 2,500 dozs.

Q: 3. As a result of revision of the freight structure in 1948 the movement of finished glass goods over long distance has been seriously discouraged resulting in development of local units in those areas even in the face of certain disadvantages of industrial location and as such, the rail traffic requirement for movement of finished goods from manufacturers favourably situated to consuming centres in the distant areas has not kept pace with the develop-

ment of consuming industries and their requirement for containers and other wares.

In so far as principal raw materials are concerned, there being no other alternative sources of supply, the glass factories have to pay heavily for the same towards freight. The prohibitive freight rates on raw materials have also prompted development of certain units of the industry in areas which are nearer to the sources of principal raw materials like sand, lime and coal although other and more important conditions of industrial location are not satisfied. This lopsided development of the glass industry has already resulted in blocking of capital in factories which are closed. Thus, out of 119 factories, not more than 75 units are working to-day. Of the working factories, most of them are operating far below their rated capacity.

Q: 4. So far as raw materials are concerned, the haulage needed has been furnished in reply to the Q: 50 of Part I-A of the Questionnaire. Particulars of movement of finished products according to distances are furnished under point 8.

Q: 5. The entire quantity of principal raw materials like sand, lime, dolomite, salt-petre, etc., are received by rail as there is no other alternative commercial means of transport. In so far as coal is concerned, although the major portion is received by rail, the industry of the State has often to make good any short-fall in supply through road transport in lorries because of contiguity of the coal fields and that again at heavy cost.

Q: 6. Almost the entire quantity of finished products meant for consumption outside the State of West Bengal is sent by rail because of the inherent limitations to road and riverine transportation of glassware. This accounts for no less than 70% of the total output of the industry of West Bengal. Within the State, by far the major portion of the despatches is made mainly by road in absence of proper rail or inland water communication linking up the consuming centres.

Q: 7(a). The average prices of raw materials together with the corresponding railway freight per ton of principal raw materials are as follows:

Item	Price per ton of indigenous raw material at the consuming point (inclusive of freight) during			Railway Freight per ton			From	To
	1938-39	1947-48	54-55	1938-39	47-48	54-55		
	Rs. a. p.	Rs. a. p.	Rs. a. p.		Rs. a. p.	Rs. a. p.		
Sand	... 13 2 0	28 0 0	38 0 0	N. A.	10 14 6	21 1 6	Sankar-garh	Bally
Lime	... 42 0 0	140 0 0	80 0 0	N. A.	—	14 6 0 (Appx.)	Katni	"
Coal	... 7 0 0	21 0 0	24 0 0	N. A.	5 5 0	8 0 0 (Appx.)	Ranigonj	Howrah.

(b) The present average prices of broad categories of finished products at

manufacturing and at important consuming centres are as follows:

Item	In Calcutta (Mfg. Centre)			Average Price (net) per Gross								
				Bombay			Madras			Delhi		
	1938-39	47-48	1955	38-39	47-48	1955	38-39	47-48	1955	38-39	47-48	1955
	Rs. a.	Rs. a.	Rs. a.	Rs. a.	Rs. a.	Rs. a.	Rs. a.	Rs. a.	Rs. a.	Rs. a.	Rs. a.	Rs. a.
<b>Tumblers</b>												
8 oz. Tumblers	6 12	25 0	15 0	—	—	20 0	—	—	19 0	—	—	18 0
<b>Bottles</b>												
2 oz. Snow pot	5 0	15 0	6 0	—	—	9 0	—	—	8 0	—	—	7 0
4 oz. hair oil	5 0	17 0	9 0	—	—	14 0	—	—	13 0	—	—	12 0
16 oz. Tincture	9 0	23 0	18 0	—	—	24 0	—	—	23 0	—	—	22 0
19 oz. Whisky	17 0	42 0	30 0	—	—	33 0	—	—	32 0	—	—	31 0
		to										
		45 0										

Q: 8. The average production of glass and glassware by the glass industry of the State of West Bengal varies between 25,000 to 30,000 tons per annum (as against the all-India total of 100,000 tons for 1954). The particulars of despatches according to distance of the finished products by rail are approximately as follows:

(i)	1 to	50 miles	...	Nil
(ii)	51 to	100 miles	...	500 tons
(iii)	101 to	200 miles	...	1,000 tons
(iv)	201 to	300 miles	...	1,000 tons
(v)	301 to	400 miles	...	1,000 tons
(vi)	401 to	500 miles	...	2,000 tons

(vii)	501 to	600 miles	...	1,000 tons
(viii)	601 to	700 miles	...	1,000 tons
(ix)	701 to	800 miles	...	1,000 tons
(x)	801 to	900 miles	...	4,000 tons
(xi)	901 to	1,000 miles	...	5,000 tons
(xii)	1,001 to	1,200 miles	...	6,000 tons
(xiii)	1,201 to	1,500 miles	...	2,000 tons

It would be evident from the above approximate figures of railway movement of finished wares that about 5,000 tons are consumed locally. The movement of finished goods offers a striking contrast to that of raw materials and fuels with respect to haulage.

#### ANNEXURE 'B' to the reply to Q: 28 of Part I-A.

*Copy of Railway Board's No. 4662-TC letter dated 7-4-53 to the Secretary, Bengal Glass Manufacturers Association, P-11, Mission Row Extension, Calcutta.1.*

In continuation of the Railway Board's letter No. 4662-TC of 10-12-52, I am directed to state that the matter has been carefully examined in consultation with Railway Administration concerned but in the absence of any specific evidence to show that the existing rates for raw materials and finished products of Glass Industry are unduly hampering their free movement, the Railway Board regret that they are unable to find sufficient justification for any general re-adjustment of rates. Railway Administrations are, however, competent to quote station-to-station rates where it can be established to their satisfaction that the traffic cannot move freely at the ordinary tariff rates. Necessary requests for the quotation of such rates may, therefore, be made to Railway Administration direct.

2. So far as the specific points raised by your Association are concerned, I am directed to advise you as follows:

(i) **Rates for raw materials of the Glass Industry:** Although freight rates are

fixed according to the ability of each commodity to pay for transportation, Railways cannot be expected to carry traffic at uneconomic rates. The incidence of freight on the prices of low priced commodities, when these are carried over long distances, is, therefore, generally high. This factor by itself does not justify any downward adjustment of rates. If the transportation cost of carrying Belgium sand to U.K. by sea is lower than that for carrying sand over comparable distance in this country, this is due to the fact that the cost of operation of the Steamer Companies is much lower than that of the Railways.

(ii) **Rates for finished products of the Glass Industry:** The withdrawal of the special rates from Calcutta to Bombay, Madras and Delhi in 1948 was due to the fact the transport and economic conditions under which those low rates were originally quoted, no longer prevailed and the continuance of those rates would have amounted to according undue preference. Since the cancellation



of the special rates, no representations have been received by the Railway Administrations concerned against the operation of the existing rates nor is there any evidence to show that these rates are unduly high. It may also be pointed out that no special rates for glassware from Kurla to Madras have been in force at any time.

(iii) *Adjustment in terminal and short distance charges*: Standardised terminal charges have been prescribed under

Section 32 of the Indian Railways Act and apply to all goods traffic. No abatement in these charges can be made. In regard to short distance charges, Railway Administrations have powers to forego the levy either partially or wholly wherever they are satisfied that it unduly restricts the movement of traffic.

3. As regards transport difficulties a separate communication will follow shortly.

## Bengal Oil Mills Association, Calcutta.

### PART I-A

Q: 2. (a) The present rating arrangement has not the required flexibility to meet the legitimate needs of oil milling industry in West Bengal. Due to the disparity in rates between movement of raw materials and finished products the oil milling industry in West Bengal has been greatly affected. This is an old controversy and numberless representations have been made to the Railway authorities by this Association, but without any effect.

Although the State of West Bengal consumes 75 to 80% of the total mustard oil produced in India, she does not produce even a fraction of the quantity of mustard seeds that is necessary to produce that amount of oil. She has therefore to depend mainly on U. P., Punjab, Rajasthan and Gujarat for seeds. Even after the very serious loss of market due to partition, West Bengal imports nothing less than 30 to 35 Lakh maunds of mustard seeds from the abovementioned States in a year. The localisation of

oil mills has taken place in this State for the last half a century and more owing to the fact that mustard oil is the only edible oil in this State and also because the people of West Bengal have had always a fascination for mustard oil produced in their own State, which they believe, is free from adulteration. The latter factor has also contributed to a great degree, to the growth of oil milling industry in West Bengal.

The disparity in Railway freight arises from the fact that whereas 3 maunds of mustard seeds make 1 maund of mustard oil, the freight of mustard oil is disproportionately low in comparison with the freight charged on mustard seeds. During the last 20 years a large number of competitive oil mills has grown up in the province of U. P. taking advantage of this disparity in the freight rates between seeds and oil. The following freight schedule would show the absurdity of disparity in rates:—

Commodity	From	To	Route	Conditions	Rate per md.
Mustard Oil P/24.	Delhi	Howrah	Via Moghal-sarai	OR; on actual weight	Rs. a. p.
	Aligarh Jn.	"	"	"	2 9 7
	Hathras Kilah	"	"	"	2 6 4
	Hathras Jn.	"	"	"	2 5 10
	Yamuna Bridge	"	"	"	2 5 7
	Belanganj	"	"	"	2 4 11
	Kanpur C. G. Shed	"	"	"	2 5 0
					1 14 6
Mustard Oil	Delhi	"	"	OR; C.C; L in Tank Wagon	2 9 3
	Aligarh Jn.	"	"	"	2 6 0
	Hathras Kilah	"	"	"	2 5 6
	Hathras Jn.	"	"	"	2 5 3
	Yamuna Bridge	"	"	"	2 4 7
	Belanganj	"	"	"	2 4 8
	Kanpur C. G. Shed	"	"	"	1 14 2
Mustard Seeds	Delhi	"	"	RR; W/450; L	1 11 7
	Aligarh Jn.	"	"	"	1 10 1
	Hathras Kilah	"	"	"	1 9 10
	Hathras Jn.	"	"	"	1 9 9
	Yamuna Bridge	"	"	"	1 9 5
	Belanganj	"	"	"	1 9 6
	Kanpur C. G. Shed	"	"	"	1 6 5

Taking Aligarh Junction for example, the freight for a maund of mustard seeds is Rs. 1/10/1, whereas the corresponding freight for a maund of oil from the same station to Calcutta is only Rs. 2/6/4. Now taking the basis of production i. e., 3 maunds of seeds make 1 maund of oil, the actual freight on a maund of oil should have been Rs. 4/14/3. The present disparity shown that the freight on mustard oil is only 137% of the freight on mustard seeds, which in all fairness, should be 300%. In other words an oil mill of Aligarh can compete with its counterpart at Calcutta with a margin of Rs. 2/7/11, a fatal margin indeed. It is more than obvious that with this handicap the oil mills of West Bengal can never compete with the oil imported from U. P. As a result of this unfair competition growth of big oil mills in this state has been hampered and out of the many small ones which developed during and after the war quite a lot have been forced to close down.

In fact there are no reasons why the Railways should have at all shown this step-motherly behaviour towards the oil mills of West Bengal. The Railways themselves never gained anything by this policy for the following reasons:—

(a) That oil comes from U. P. stations generally in Tank Wagons, which in all cases go back empty. This is highly unremunerative for the Railways.

(b) That very small quantity of oil cakes are now imported into West Bengal from U. P. as she herself is exporting this item to other states.

The situation is quite different in the case of oil seeds as the wagons which carry them to West Bengal from U. P. stations go back full of essential items like coal and other commodities produced and manufactured in the Calcutta region.

We beg to refer hereunder to the findings of the Railway Rates Advisory Committee set up by the Government of India in case No. 55 of 1939 in which our Association was the applicant and E. I. R. the respondent. The Advisory Committee *inter-alia* held—

"It is a lurid picture which the foregoing history of the oil rates from Aligarh, Hathras, Jumna bridge and Cawnpore to Calcutta unfold before our eyes. Rates were changed from time to time on no definite principle and it emerges from the evidences that in making the reductions the respondent (E. I. Railway) was actuated chiefly, if not wholly, by the desire to treat the large number of competing mustard oil millers in the United Provinces liberally and to silence "Pressure" etc. from them. Threats and supplications in themselves cannot justify a lowering of rates and we consider that the various reductions made in the rates for mustard oil have not been adequately justified."

We do not think any comment is necessary on the findings of such a high powered Committee. For further details a reference is made to the above case wherein all the pros and cons of the problem have been discussed in minutest details. It is enough to say that the railways for the last decade

have been guided by an absolutely discriminatory outlook, as far as our industry is concerned. And we beg to place this matter before the Enquiry Committee in the hope that it will unearth the reasons of this unjust discrimination causing such a death blow to the Oil Milling Industry of West Bengal.

Q: 2. (b) From the facts, mentioned in Q: 2 (a) it is obvious that the Railway Administration has not been using their right discretion in the matter of freight rates. It is certain that the Indian Railways Act did not even permit the Railway Authorities to follow any policy of discrimination or undue preference and they must have been armed with enough discretionary powers to make the railway freight just and fair.

Q: 8. Haulage for empty tanks should be charged on all Railways as otherwise the Railways will suffer from loss of revenue.

Q: 23. The Oil Mills in Bengal have to pay a much higher rate of freight for mustard seeds imported from Punjab, Rajasthan and Gujarat. This means that the cost of mustard oil produced out of the seeds imported from these places become much higher. For example whereas the average freight on 1 maund of mustard seeds from U. P. to Calcutta is Rs. 1/10/-, the corresponding freights from Punjab and Gujarat to Calcutta are Rs. 1/13/- and Rs. 2/11/10 respectively. This means that the cost of production on each maund of oil out of seeds imported from these provinces will be always higher than those imported from U. P. Considering the importance of oil milling industry in this province and also that mustard oil consumption is negligible in other provinces it is necessary that a fairly uniform freight rate of mustard seeds be maintained.

It should be remembered that West Bengal Oil Mills have to import large quantities of oil seeds from Punjab, Gujarat and Rajasthan because the seeds available from U. P. are not always of so high quality as are demanded here. There is a number of mills in U. P., itself and naturally those mills take away the prime crops for their own use and only crops of secondary quality are left for export. Then again mustard seeds coming from a number of centres of U. P. are full of refractions and Argemone. For both the above reasons West Bengal Mills have to obtain quality seeds from other centres involving higher railway freights. The competition being with oil produced by U. P. Mills, West Bengal Mills are greatly handicapped for having to pay this higher freight rate. It is therefore, necessary that the freight rate from Punjab, Rajasthan and Gujarat should not be more than that from the farthest supply centre of U. P. In this case we suggest a freight pool to keep down the freight rates for such long distances.

Q: 26. The success of the 2nd Five Year Plan depends on the balanced price structure between raw materials and finished products. The benefit of the Planning cannot be achieved unless the producers of raw materials also get fair price. This can be achieved only through a co-ordinated link between the agriculturists and the industrialists. To achieve this end freight rates should enable the agriculturists

all over the country to have equal facilities in marketing their products. Unless this aspect of the question is taken into account, agriculturists of Rajasthan, Gujarat and Punjab will never be able to compete with the agriculturists of U. P. who will always be in a position to sell mustard seeds to West Bengal at a cheaper rate due to cheaper freight. This is all the more so, when the market of mustard seeds of those provinces is mainly to be found in the West Bengal region. In this case also creation of a freight pool is necessary by which uniformity of freight rates might be achieved for long distances.

This will also prevent sudden falls in agricultural prices which may take place if producers of mustard seeds of Rajasthan, Punjab and Gujarat cannot compete with U. P. producers for reasons like bumper crops, less internal consumption and less exports to West Bengal.

Q: 33. We do not approve of any distinction between new and old industries in the matter of Railway Freight. The Government may assist the development of new industries in the country by giving financial subsidy, but to allow any discrimination in railway rates will amount to unjust preference being given to new industries. On the other hand, the oil milling industry of West Bengal, which is one of the oldest industries of this State itself requires State help. Instead of regenerating this old industry which is more than capable of meeting the needs of the consumer, there is no sense in allowing new oil mills to develop in the shape of 'Village Industries'. Such a policy is not only undemocratic and inequitable, but is also untenable as an economic theory.

Q: 35. The freight policy of the Railways should take into consideration the following points:

1. (a) As far as raw materials are concerned it should be seen that the freight rates do not make the costing of finished products too high because that would ultimately affect both industry and agriculture.
- (b) As far as finished products are concerned regard should be paid to the consumers living in distant places from the centre of production, who may not have to pay higher prices of essential products resulting from high freights.
- (c) Discrimination in rates between raw materials and finished products should not be such, by which similar industries in one part of the country may get an opportunity to thrive at

the cost of their counter-parts in another part.

2. Whereas the industries should always be benefitted by fair freight rates it should also be seen that the Railways also earn enough revenue to meet the programmes of expansion. Keeping in view the development of industries in the planning period, it will be difficult to earn revenue in railways by increasing freight rate on any commodity. An era of industrial expansion must always be supported by a concessional freight policy by carriers. But at the same time it is equally true that the vast increase in the volume of agricultural and industrial traffic during the Second Five Year Plan will provide the railways with the necessary funds to meet the increased cost of expansion.

Q: 37. It is not necessary to give any preferential treatment either to new industries or village and cottage industries to the detriment of the existing industries which have survived years of struggle. To allow any such discrimination in freight rates will amount to deliberate annihilation of old and established industries, especially in view of the present competitive market. Furthermore there is every chance of fake traffic being developed on an enormous scale in the name of village industries, causing great loss to the Railway exchequer. It will be impossible for the Railways to verify and check up the genuineness of each and every case and consequently enough loopholes will be created for fake traders to pass through. In this way the main objective will be lost and the old industries will suffer beyond recoup.

Q: 41. Stable freight rates should be maintained, as it is impossible to adjust freights according to market fluctuations although it is always desirable that freights for exportable items should be always low to enable the exporters to get an initial advantage. The maximum assistance to the export trade can be given by the Government by reducing export duty, which is the prime factor in calculating the cost of export.

Q: 47. Clubbing of small consignments into wagon loads through the help of co-operative marketing societies is the only probable solution for the agriculturists. No other special facilities by way of freight adjustment will be equitable.

#### PART I-B ANNEXURE V.

Q: 3. The revision of the freight rate in 1948 affected our industry adversely because of the fact that after 15th of April, 1948 the rates on seeds increased much more than that on oil which will be seen from the following figures:—

			Before 15th April, 1948.	After 15th April, 1948			Percentage of increase in freight.
<b>Freight of Seeds :—</b>							
Delhi-Howrah	...	...	0 13 8	1 4 4	}		50%
Jamuna Bridge-Howrah	...	...	0 10 10	1 2 0			
Cawnpore-Howrah	...	...	0 10 11	1 0 10			
<b>Freight of Oil :—</b>							
Delhi-Howrah	...	...	2 0 4	2 3 4	}		9%
Jumna Bridge-Howrah	...	...	1 12 10	1 15 6			
Cawnpore-Howrah	...	...	1 5 10	1 7 10			

It will be noticed that whereas freight on seeds was increased by more than 50%, corresponding rise of freight in oil was merely 9%. This you will realise is a highly discriminatory measure and naturally the oil milling industry in West Bengal was in great difficulties. It is also remarkable that for distance of 100 miles the increase of freight was near about 10% but for all the

distance that the seeds are to cover to reach Bengal the freight was excessively high.

Q: 5. The entire quantity of the principal raw material for our industry has to be brought to Calcutta by Railway.

Q: 7. (a) Average price of mustard seeds per maund (U.P. to Calcutta):—

1938—39	...	Rs.	6	6	0	Freight per md.	...	Re.	0	10	6	per md.
1954—55	...	Rs.	21	0	0	Freight „ „	...	Rs.	1	9	6	„ „

(b) *Rate of Mustard Oil :*

1938—39	...	Rs.	16	4	0	per md.	...	Rs.	1	4	4	per md.
1954—55	...	Rs.	62	0	0	„ „	...	Rs.	2	5	0	„ „

## PART II.

Q: 2. (a) Private Insurance is resorted to for valuable goods as an alternative to Railway risk mainly because claims are settled much more promptly by Insurance Companies than Railways. Insurance has become more necessary as more and more cases of thefts, pilferages and other irregularities are being reported.

Q: 5. (a) Maximum Railway Claims arise from thefts and pilferages. It can be said that claims arising out of this factor are equal to or more than claims from other reasons.

Q: 8. If the Railways undertake any risk for goods under movement it should cover all kinds of commodities whether moving in smalls or in wagon loads.

Q: 9. From the point of equity there should not be different rates for different commodities. If the responsibility of the carriers is to deliver the goods at their destinations safely, it should be same for all categories of commodities.

Q: 10. There should not be any risk for the owners after the goods have been tendered for despatch. Booking at Owners' Risk should be completely abolished. It is absurd that the responsibility should be retained by owners for any loss of goods in transit while in the custody of the Railways.

Q: 12. The argument that goods booked at Owners' risk should be allowed some rebate is highly illogical. It has been seen that more pilferage takes place for goods carried at Owners' risk. This obviously leads to the conclusion that the Railways take all the precautions for goods booked on higher freights at Railway Risk. As carriers it is absurd for Railways to say that low-freighted goods will not enjoy protection from them. It looks like extorting money from the people on pain of loss of materials.

Q: 13, 15 & 16. Standard packing conditions should be laid down for different kinds of goods. It should be seen that these conditions are very strictly adhered to. While laying down the conditions for packing regard should be paid to the capacity of the commodities to stand hazards of journey. The present method of accepting goods for booking often leads to serious loss both for the consignees and the Railways. Railway Receipts have sometimes been received by mustard oil mills of Calcutta, bearing the remark

“Packing Sound-contents escaping.” A more ridiculous state of affairs can hardly be imagined. Special packing conditions should be laid down for oil seeds.

Q: 17. (a & b)—When the goods are carried by Railways it is incumbent on them to provide necessary ware-housing facilities. Any additional or alternative arrangement will merely increase the cost of the sender. We are not aware of any Railway Warehousing Scheme being operated in this country through private bodies.

Q: 18. The Indian Contract Act 1872 should be changed and the Railways should act as Insurers of goods carried by them. This is very essential in view of our previous contention to abolish Owners' Risk. The change in the Contract Act will no doubt increase the liability of the Railways for claims—but it is for them to devise all possible means to protect themselves against heavy claims. Standardisation of packing conditions and enforcement of more strict booking conditions alone can save the Railways from having to pay big compensations.

Q: 19. All possible measures should be taken to prevent theft and pilferage of goods by the Railway. This can be achieved through intensive police watch as well as by prescribing deterrent punishment for all possible corruption among staff. Special police establishment to detect the crimes committed by organised gangs should be set up throughout the Railways. Public opinion should also be roused against these anti-social crimes on a national scale through newspapers and other media of propaganda like films, posters etc. The Government have achieved spectacular results in the field of spurious drugs through intensive propaganda.

Q: 21. As regards claims made on the Railways it must be admitted that although majority of the cases are extremely genuine, a number of frauds are also being practised by some people. These frauds can be averted only if more sound booking conditions are introduced. As regards payment of claims, there is a wide-spread discontent among the traders. Claims are made to hang on for years and businessmen are to suffer great difficulties. The claims section of the Railways should be constituted with more efficient people so that enquiries might be expedited for payment of genuine claims.

## PAKT III

Q: 1. (a & b) The functions of the Railway Rates Tribunal should be further widened by empowering it to investigate into all matters re: freight rates. Instead of its functioning as a mere appellate body, it is advisable that it also goes into all investigations, so that it may have a first hand information of the problems concerning Railway Freights. In fact, in matters concerning trade and industry, not only a judicial outlook, but also a first hand information of facts is necessary before coming to a proper decision.

(c) No separate body need be created when we do not suggest narrowing down of the activities of the Tribunal.

Q: 2. The present division of power between Central Government and Rates Tribunal is not desirable. It is all right that the Government have to apply to the Tribunal to reclassify a commodity in a higher class - but at the same time, it is logical that the power to reduce the level of a class rate should also be left to the Tribunal, in view of the fact that the State has entered into trading itself. Unless, this power is delegated to the Tribunal, injustice may be done to private traders by reclassifying a commodity in a lower class by the Central Government especially commodities of competitive nature. To avoid this anomaly, it is desirable that the Tribunal should have powers to reclassify for both upper and lower levels.

Q: 3. Once the Central Government is armed with the power, the trade will be completely left at the mercy of the Government. The trade is always afraid to approach an appellate body to prefer an appeal against a Government decision. Financial reasons stand in the way, let alone the loss of time and energy to pursue such matters.

Q: 4 to 7. It is true that delay in obtaining a decision from the Tribunal is a great handicap. The entire procedure is akin to that of a Law Court, entailing heavy expenses for the applicants. As the Tribunal consists of persons from high judiciary, the rules of procedure are too complex and are of legal nature. Unless this aspect of the procedures is relaxed, there is no way out of the existing delay and expenses. It is desirable that the approach of the Tribunal to the problem should be less legalistic and more of an investigating nature so that applicants may sometimes represent their cases themselves. People in this country have an awe for anything to do with judges and

courts, and as such, are afraid to put up their cases themselves. And in the absence of requisite funds necessary to defray the expenses of legal practitioners. Many cases are not reported before the Tribunal. And again, it is often found, that legal practitioners, who take the responsibility of arguing out the cases, are not sufficiently equipped with facts of the Commercial World with the result that cases cannot be properly tackled, and it takes unnecessary long time for the clients to brief their lawyers.

Q: 8 & 9. In order that the Rates Tribunal has more of the look of an Investigating Committee, it is desirable that of the 3 members, the Presiding Member should be a High Court Judge, and the remaining 2 should be chosen from among the authorities of trade and Commerce - these persons may be either professors, having knowledge of Railway economics or intellectuals engaged in industry. This constitutional change will not prevent the Tribunal from executing its decree through civil courts as it is being done now. Increase in the number of Tribunal members is not necessary.

Q: 10 (a). The system of taking assessors from panels is in vogue in every country. It is absolutely essential that such panels should function as advisers to the Tribunal. But Section 43 of Indian Railway Act 1890 lays down that the Tribunal is not bound by the advice of the assessors. Unless this clause is waived, the real assistance of the assessors will be denied to the Tribunal. It is desirable that any decision of the Tribunal should be qualified by at least two-thirds of the assessors.

Q: 12. Parliament is concerned with the making of general policy. It is not competent to go into minute details of an adjudication, especially when all the parliamentarians are not experts in Railway matters. It is, therefore, absolutely necessary that the Tribunal functions with full authority in the matter of adjudication of complaints against Railway administration. The Judicial Capacity of the Tribunal is necessary, because its judgments are binding on the parties concerned. An Advisory Body lacks in the powers of a Tribunal, and as such, mandates of a recommending authority will have to be passed through another judicial body, which means nothing else but duplication and complication of all sorts. It is therefore desirable that a Statutory Body should directly adjudicate in all complaints and pass decrees.



# Bengal Paper Mill Co., Ltd.,

Calcutta.

## PART I-B

### ANNEXURE V

We regret we have not been able to collect all the answers in reply to Annexure V of Part I-B of the questionnaire submitted by you. The information was not readily available but we have collected what was possible and we trust it will be of assistance to you. Our answers are as follows:—

Q: 1. To produce 12,325 tons of finished paper in 1954 the following tonnages of principal raw materials and fuel (coal) were used:—

	Tons
Bamboo	16,593
Grass	10,688
Old Hemp Rope Cuttings	350
Wood Pulp	414
Lime	4,607
China Clay	2,339

Caustic Soda	2,106
Salt Cake	1,246
Liquid Chlorine	949
Coal	41,854

Q: 2. Total production of finished paper during the years in question was as follows:—

	Tons
1938	10,204
1947	10,485
1952	9,072
1953	10,433
1954	12,325

Q: 3. Please see the Indian Paper Makers' Association's letter of November 8th, 1955.

Q: 4.

		Average Shortest Distance by Rail Miles	Average longest Distance by Rail Miles
Finished paper	...	120	1000
Bamboo	...	20	600
Grass	...	20	410
Old Hemp Rope Cuttings	...	—	500
Wood Pulp	...	120 (ex K. P. Docks)	—
Lime	...	225	670
China Clay	...	—	160
Caustic Soda	...	120	1320
Salt Cake	...	—	780
Liquid Chlorine	...	100	775
Coal	...	—	25

Q: 5. On an average about 1,000 tons of Grass and 10,000 tons of Coal move annually to the Mill by road. The remaining tonnages of principal raw materials and chemicals move by rail.

moves by rail. Road transport probably copes with about 10% of the total finished product.

Q: 6. The bulk of our Finished Paper

Q: 7. (a) The average price and Railway freight per ton on principal raw materials and chemicals was as follows in 1954/55:—

	Price Rs. a. p.	Freight Rs. a. p.
Bamboo	52 0 0 per ton	10 8 9 per ton
Grass	118 10 5 "	15 15 4 "
Hemp Rope	408 5 3 "	20 9 1 "
Wood Pulp	985 13 8 "	13 6 2 " Ex K. P. Docks.
Lime	51 9 3 per md.	0 11 3 per md.
China Clay	70 8 7 per ton.	8 0 1 per ton.
Caustic Soda	642 0 5 "	15 1 9 "
Salt Cake	131 8 3 "	1 8 4 per md.
Liquid Chlorine	557 13 1 "	0 12 10 "
Coal	15 14 0 "	2 12 0 per ton.

Q: 8.	(i)	1 to 50 miles	—
	(ii)	51 to 100 „	—
	(iii)	101 to 200 „	about 40%
	(iv)	201 to 300 „	„ 10%
	(v)	301 to 400 „	„ 10%
	(vi)	401 to 500 „	„ 20%
	(vii)	501 to 600 „	
	(viii)	601 to 700 „	
	(ix)	701 to 800 „	„ 10%
	(x)	801 to 900 „	
	(xi)	901 to 1000 „	„ 10%
	(xii)	1001 to 1200 „	
	(xiii)	1201 to 1500 „	—
and	(xiv)	beyond 1500 „	—

Beni Engineering Works, Ltd.,  
Calcutta.

GENERAL

We understand that your Committee is now obtaining views from trade on the existing freight rate structure. We are citing below one case from our own experience which needs consideration of the Committee.

We have put up a factory at Patiala, Pepsu State, for the production of Carbon Slabs, Rods, etc., required by the Electrical and Metallurgical Industries. This material is an essential item, and its production has been taken up by us under an arrangement with the Ministry of Commerce & Trade, Government of India, according to a process developed at the National Physical Laboratory.

We shall have to use large quantities of Petroleum Coke as a basic raw material. We obtained a small consignment for trial purposes from the Assam Oil Co., Digboi; and on the consignment weighing 5.10 tons,

valued at Rs. 357/-, the railway freight which to be paid, amounted to Rs. 491/15/- It has now been understood from the Chief Commercial Superintendent, North Eastern Railway, Calcutta that the existing freight for wagon consignment for the material from Digboi to Patiala via Katihar & Barabanki is Rs. 3/5/1 per maund, and though it may not apparently appear to be a high freight considering the distance covered, this will act as a very great handicap on the infant industry. The present rate needs revision so that the freight which has to be paid on wagon consignments is consistent with the value which has to be paid for the material.

We very much hope that our case will receive your careful consideration, and the Committee will recommend revision in the present freight rate for this item.

The Birla Jute Manufacturing Company, Ltd.,  
Calcutta.

PART I-A.

Q: 1. We feel that the present class 9 rate for Calcium Carbide is too high having due regard to the price, commercial and industrial uses of other chemicals for which lower class or same class rates exist along with low wagon load scales for some chemicals. It may be noted here that all the 1948 class rates for distances upto 850 miles have since been enhanced from 1-4-1955, and beyond 850 miles reduced.

Added to this, we might mention that due to the difficult position of the raw materials used and heavy freight charges we have to bear on them, our cost of production is much higher than the imported carbide. Unless some freight concessions are given to this industry, it is not possible to run it economically. This aspect has already been represented to the Tariff Commission.

Q: 2. We only recently took up the matter of approaching the Railway in respect of the Railway Freight charges after working with the prevailing rates. In the meantime, the Government announced the formation of the Railway Freight Structural Enquiry Committee to go into the railway freight charges in all aspects and we are therefore taking the opportunity of approaching you with our case.

Q: 3(i). We find that there are 15 class rates, obviously for small consignments for some 2 to 3 thousand commodities and there are 13 wagon load scales for only a limited number of commodities about 80 or so which are classified between class 1 and class 6 in the general classification of goods.

We also find that a lower class rate for wagon load traffic has been granted for some 17 commodities for which the general classification for small lots varies from class 3 to class 12.

We therefore submit that the different wagon load rates i.e. wagon load scales and lower class rates for wagon load traffic have not been appropriately applied in relation to the large number of commodities for which the class rates have been quoted and which are capable of moving in wagon loads.

In our case, Calcium Carbide is classified at class 9 without any kind of lower rates for wagon loads although there is a regular movement in the wagon load for this commodity used for industrial and other purposes. As stated above, there is a lower class rate for wagon loads for books classified at class 12.

From the railway point of view, it costs the railways less to move traffic in wagon load and therefore lower rates are invariably granted by the railways for wagon load traffic. In U.S.A. the railways always quote a lower rate for car load traffic and Calcium Carbide is provided with a wagon load rate.

Q: 10. We are mainly concerned with the classification of Calcium Carbide and we are not satisfied with the present classification at class 9 R.R. in view of Calcium Silicide which is more dangerous than Calcium Carbide being classified 9 R.R. 8 O.R. The Supplementary packing and transport regulations for the two commodities are reproduced below:

Calcium Carbide—'The contents of this package are liable, if brought into contact with moisture, to give off a *highly inflammable gas*'.

Calcium Silicide—'The contents of this package are liable, if brought into contact with moisture to give off a *spontaneously inflammable gas*'.

It is thus seen that Calcium Silicide, a more dangerous article, has been provided

with a lower class 8 classification which is denied to Calcium Carbide.

Attached is a statement in Appendix 'A' giving a list of just a few chemicals showing their general classification, wagon-load scale of rate and prices compared with Calcium Carbide.

It will be seen that having regard to the respective prices, commercial and industrial utility, Calcium Carbide has been rather unduly penalised perhaps on account of its somewhat dangerous nature which, as is evident, is mostly offset by the rigorous packing conditions and careful handling and storing, etc. Moreover, Carbide is not so dangerous as it is commonly supposed to be.

It may be mentioned that commodities such as—Bleaching Powder, Caustic Soda, Sodium Nitrate, Potassium Nitrate and Ammonium Nitrate which have got considerable elements of danger and having these prices comparing favourably with Calcium Carbide, are given a much lower R.R. classification than Carbide. Again Potassium and Sodium Bichromates which are two to three times in price than Carbide and which are considered to be dangerous materials, are given the same R.C. classification No. 9 as Carbide. These are some of the glaring anomalies which we wish to mention in connection with the present classification of Calcium Carbide.

In view of the apparent anomalies existing in classifying the different commodities according to their prices and transportation characteristics as pointed out in the few instances shown in Appendix 'A', it is suggested that thorough examination of the classification of all the commodities be made having due regard to all the various factors usually taken for a re-classification by an expert body selected from the railways, trade and industry.

Q: 11. The proper relationship between rates for traffic in 'smalls' and in wagon loads can only be made by providing suitable wagon load rates for all commodities with suitable minimum weights per wagon which will not only stimulate business but assist the railways in obtaining larger revenue per wagon and also save wagon usage.

For example Calcium Carbide is classified at class 9 which applies to both smalls and wagon loads. According to the present practice, a wagon is supplied by the railway to any party offering a load of 240 maunds only, though the capacity of the wagon may be 20 tons (545 maunds) and charged at the rate applicable for smalls. Therefore, there is a wastage of so much wagon capacity.

If a reduced rate say at class 7 is quoted for a minimum weight of 400 maunds per wagon the railway not only will increase their revenue per wagon but also reduce the wagon usage by about 66%; the following calculations show the increased revenue per wagon:—

Miles.	Rate per md. at class 9			On 240 mds.			Rate per md. at class 7			On 400 mds.		
	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.
200	1	0	6	248	0	0	0	14	4	358	0	0
400	1	15	9	476	0	0	1	11	7	689	0	0
600	2	13	9	679	0	0	2	7	9	994	0	0
800	3	8	9	850	0	0	3	1	5	1,235	0	0
900	3	14	3	944	0	0	3	6	3	1,356	0	0
1000	4	3	9	1,016	0	0	3	11	1	1,481	0	0

Q: 16. As has already been pointed out above, at present only a limited number of commodities—100 in round figures—have wagon load rates with 'W' condition. Therefore there is a continuous wastage of wagon utilisation in the day to day transportation of several hundreds of commodities for which no wagon load rates have been quoted. The only way of making full utilisation of transportation capacity is to provide universally lower wagon load rates with minimum loads per wagon according to the nature of the commodity and its capacity to offer in wagon loads as is done for the few commodities now.

It would be too arbitrary to adopt the present class rate for wagon loads only where

no wagon load scales are quoted at present and levying an extra charge for smalls. The idea must be pursued rationally and scientifically by an expert body as has already been suggested.

Q: 30. We fully support the suggestion to revive station-to-station rates to foster the development of new industries—specially those which have to compete with imported goods which are exported by sea at very low costs.

For example the sea freight for Calcium Carbide from Japan to Calcutta—a distance of about 4,500 miles—is nearly Rs. 250/- per ton or about Rs. 9-4-0 per maund. Our existing rail rate from Howrah to a few stations is shown below:

	Miles.	Rate per maund.	
		Rs. a. p.	
Howrah to Delhi	895	3 14 0	} Not including terminal charges.
Howrah to Kanpur	624	2 15 1	
Shalimar to Bombay	1221	4 15 11	
Shalimar to Madras	1029	4 5 5	

Moreover, in the case of Calcium Carbide, our main foreign competitor being Japan, it has the advantage of supplying the stuff with practically the same sea freight to all the Indian ports—whether it is Calcutta, Madras or Bombay. So in our supplies from Calcutta to the various stations in the hinterland of Bombay and Madras, we are put to an additional disadvantage over this imported stuff because of higher railway freight for the commodity and also for no wagon load rates being available for this item. In case wagon load rates at lower classification can be available, this disadvantage could be minimised to an appreciable extent.

Q: 31. Whilst the railway freight policy should be such as to meet the entire working expenses, depreciation etc., it should not aim at earning at a fixed rate per cent. on the huge capital of the Indian Railways amounting to some 800 crores of rupees. In view of the socialistic pattern of Government now envisaged, any surplus not required for the betterment of the railways should be utilised in reducing rates for essential commodities required for improvement of the trade and industry of the country.

**Q: 33.** The railways should adopt such a rates policy as would assist and develop both new and established industries as otherwise the railways may fall under the mischief of the Railways Act relating to undue preference and undue prejudice.

When it is necessary in the interests of a welfare state for the development of under-

developed areas, the railways may charge such rates as would cover the working expenses, and adjustments being made elsewhere to meet the total demands in the working expenses.

Q: 34. Increased rail rates on an inflated basis for newly constructed lines at high costs are not likely to develop the underdeveloped areas and hence normal principle of charging usual rates should apply.

Q: 35. Already covered in the previous replies. Monetary dividend on capital investment should not always be looked for in a socialistic pattern of Government.

Q: 39. Please see reply to 31.

**Q: 40.** The additional large volume of traffic envisaged in various descriptions of low rated and high rated traffic during the next five years must also bring in increased revenue which should be sufficient to meet the additional operating costs involved. The railways are now earning sufficient revenue to meet the entire working expenses including depreciation etc. and also a dividend of about 4% to the general exchequer and even leaving a surplus thereafter. There should therefore be no apprehension in maintaining the financial stability of the railways by careful and economic management and judicious manipulation of the freight rates to earn more revenue.

Q: 49. With the increase in the volume of production, more areas will be catered for, increasing the lengths of movement.

PART I-B  
ANNEXURE—V.

Q: 1. Raw materials per ton of Carbide.

			Yearly production.		Total requirement.
Limestone	...	...	3.3 Tons x 3225	...	10643 Tons.
Hard Coke	...	...	.7 " x 3225	...	2258 "
Charcoal	...	...	.64 " x 3225	...	2064 "

Q: 2. 1954-55 (November to November)  
Production - 8,030 Tons.

Q: 3. No comments as the factory has  
only started since November '54.

Q: 4. For Raw Materials :

			Average Distance.	Longest Distance.	Shortest Distance
Limestone	...	...	690	1261	659
Hard Coke	...	...	228	228	228
Charcoal	...	...	330	480	290
For Finished Product	...	...	—	1221 (Bombay)	624 (Kanpur)

Q: 5. Almost the entire quantity is  
received by Rail upto Budge Budge and then  
from there, it is transported in lorries about  
7 miles to the factory.

Q: 6. At present only about 25% of the  
product is despatched by rail and the  
balance by road from the mills but in the  
coming years, an increased proportion is  
definitely to be despatched by rail.

Q: 7(a).

			Average Price		Average Rly. freight.
Limestone (per ton)	...	...	Rs. 16 8 0		Rs. 25 8 0
Hardcoke ( " " )	...	...	" 38 0 0		" 10 14 0
Charcoal ( " " )	...	...	" 125 0 0		" 20 0 0

(b) Average price at manufacturing  
point, Rs. 800/- per ton.

Average price at important con-  
suming centres Rs. 1,000/- per ton.

Q: 8. Generally, the goods are, at present,  
being booked to our Agents at Delhi,  
Kanpur, Bombay and Madras. Some  
quantity is booked to Bangalore, Gwalior  
and Indore as well.

APPENDIX 'A'

Q: 10. List of few chemicals showing their general classification, wagonload scale  
of rates, if any, and prices compared with calcium of carbide.

Commodities	Wagon load scale	General Classification		Price per ton		
		R. R.	O. R.	Rs.	a.	p.
1. Bicarbonate of Soda	...	WL/B W/400 B. G.	4	—	460	0 0
2. Bleaching Powder	...		4	3	640	0 0
3. Calcium Carbide	...		9	—	840	0 0
4. Calcium Sillicide	...		9	8		
5. Caustic Soda	...	WL/B W/400 B. G.	4	—	680	0 0
6. Chemical Manures Div. 'A'.	...	WL/H OR W/400 B. G.	5	4		
7. Chemical Manures Div. 'B'.	...	WL/B <sub>2</sub> ROR W/400 B. G.	3	2		
8. Ammonium Nitrate	...		3	2	450	0 0
9. Sodium Nitrate	...		3	2	500	0 0
10. Potassium Nitrate	...		3	2	800	0 0
11. Sillicate of Soda	...	WL/B OR W/400 B. G.	4	3	320	0 0
12. Sulphate of Soda	...	WL/B W/400 B. G.	4	—	360	0 0
13. Bichromate of Potash	...		9	—	2,600	0 0
14. Bichromate of Soda	...		9	—	1,200	0 0



Messrs. Burn & Co., Ltd.,  
Calcutta.

GENERAL

We are not giving you detailed replies to the questionnaire, but give below our observations on the working of the present freight structure which we trust will be of some considerable help to you in framing the policy of the future freight structure of the Indian Railways. These observations relate to the Jabalpur Works of our Company where the refractories and ceramics are manufactured:

"In these works we manufacture S. W. Pipes and specials, Refractory bricks,

fireclay etc. Before the introduction of the telescopic rates we had in vogue "Station to Station" rates or schedule rates. With the "Station to Station" rates our pipes and other products had a competitive value in the consuming centres which happened to be 600 to 700 miles away from us. We give below our calculation of the various rates from which you will see that the increase in the freight rates has been colossal.

(1) From Jabalpur to Bombay for wagon-load of S. W. Pipes

(Pipe N. O. C.)

		Current rate basis 616 miles.			1948 rate basis 2nd class rate 616 miles.			Pre-war rate basis	
		at Rs. 1 11 7 per md.			at Rs. 1 10 5 per md.			Station to Station Rates	Schedule rate
Terminal	...	Rs. 0 1 0			Terminal 0 1 0			Re. 0 8 2 per md. inclu- sive of termi- nal W/300 mds.	"K" on Central Ry. stations W/300 mds.
Total	...	Rs. 1 12 7			1 11 5				
		Increase 255%			Increase 235%				

(2) From Jabalpur to Bombay for wagonload of Fire Bricks.

		WL/F Schedule.			W/CC	
		at Rs. 1 4 1 per md.			Rs. 0 8 2 per md. inclusive of terminal	
	Terminal	Rs. 0 1 0				
		1 4 1 per md.				

Increase :—say 150%

From the above it will be observed that on a full wagon load of S. W. Pipes there has been an increase of 235% in October 1948 and again 20% after April 1955, whereas the same rate in 1948 is still in force which cancelled the special rate of Re. 0.8.2 per maund.

This increase in rates has lead to a shrinkage of demands from the consuming centres like Bombay and has encouraged

the establishment of industries nearer the consuming centres.

We in the central part of the country, have got the consuming centres 600 to 700 miles away from us. The present telescopic rates are advantageous for long distance but put the producing centres, from whom the consuming centres are not very far away, at a disadvantage."

Calcutta Flour Mills Association,

Calcutta.

GENERAL

In consequence of their previous rates case (about 15 years ago) put up before the Railway Rates Advisory Committee, the unduly preferential rates for flour enjoyed

by U.P. and Bihar (including Katihar) were cancelled; but as the Association was directly concerned with "Flour," the question of rail rates for wheat from upcountry

stations to Calcutta was not taken up. Since then, under the Government of India decision all special rates flour have been cancelled.

The Association is of the opinion that it should be made possible to make the wheat products of Calcutta an exportable commodity (Q: 41) by the restoration of special rate systems for wheat at least in specific cases, if not in a general reduction of present wheat rates. Rail Rates should be made more flexible to meet the special requirements of the flour milling industry, in respect of purchases and marketing (Q: 21.), in spite of the telescopic system and continuous mileage scales of rating (Q: 29) recently introduced.

The existing terminal charges (Q: 5) on wheat wagons at 0-1-0 per maund from both ends, in which "loading and unloading" are to be performed by the parties concerned, appear to be unreasonable. The Indian Railways Act of 1890, Section 45, only permits "reasonable terminal charges" to the Indian Railways.

Conveyance charges should include those for additional services at the transshipment points (Q: 5). If the Railways insist on such additional charges, it is only fair that such arrangements for special supervision be made as will check the present losses, occasioned by delay or theft. The Association feels that mills are entitled to such facilities under Section 48 of the above mentioned Act.

The Association is not so much interested in additional provision of special train loads rates (Q: 15) suggested by the Committee of Enquiry, but would suggest as an alternative proposal a rebate system of rail freights payable annually on imports of wheat from different areas, in U.P., C.P. or the East Punjab.

As regards the difference in rate charges between carriages of small and full wagons, some system should be continued no doubt. In this matter the Association would suggest that the Railways provide their own road vehicles in respect of small consignments for short hauls (Q: 21, 22). The problem of higher class rates payable on flour in smaller lots can be counterbalanced, if quicker movement is ensured.

#### PART I-A

Q: 1. The adoption of "telescopic rates" and the continuous mileage system in respect of through rail traffic and long distance movement have been helpful to the industry.

Q: 2. Present rating arrangements since 1948 and drastic cancellation of "special rates" have had a very depressing effect. The real benefit of special rates is the provision of facilities for the special requirements of an industry or trade.

In the U.S.A., more than 75 per cent. of goods (vide Ripley's Rail Roads, Rates and Regulations) move at special rates. In U.K., as a post war measure under Railways Act of 1921, standard rates were introduced, but British Railways are again feeling the necessity for the restoration of special rates.

Q: 3. The numbers of class and wagon rates as applicable at the movement on Indian Railways appear to be quite inadequate for the traffic requirements of a vast country necessitating as it does the provision of reasonable rates.

Q: 4. The present system of charging "blanket rates" beyond 1,500 miles need not be disturbed. In fact such long movements are rather rare in this country.

Q: 5. Answered.

Q: 6 to 15. Association not interested.

Q: 16. For better utilisation of rolling stocks upgrading of the minimum load to a wagon rate may be necessary but in order to help the trade a clubbing system should be encouraged. There should be exceptional cases to the above system. The present provision of 450 mds. minimum for a wagon rate of flour has a depressing effect on the Calcutta flour mills, and this matter is discussed in the special notes annexed.

Q: 17. Regarding special train load rates for commodities handled by the Association, this matter has also been discussed.

Q: 18 to 20. Association not interested

Q: 21. River service charges are generally cheaper. The Association has special facilities of using the River Services for their North Assam markets. This matter has been discussed also. The Association is interested in an effective coastal water service for marketing their manufactures to South India. This would relieve the heavy strain on rail transport, which is likely to be more acute under Government's Second Five Year Plan. As regards provisions for through traffic and through rates for flour (bran) between Calcutta and South India by water-cum-rail service, the matter has been detailed in the annexed note.

Q: 24 to 27. Not interested.

Q: 28 to 30. On the immediate necessity of reverting to special rate system, the Association's views have also been expressed. A general rate scheme cannot meet the special requirements of the industry and trade and the Association has already stressed this point.

Q: 32. Essential industries are given reasonable facilities from the railways and even uneconomic rail rates in exceptional cases for economic development, or in the higher national interest. The Government of India (Railway Department) is already pledged to a policy of providing special facilities for the carriage of the raw materials of essential Indian Industries. The case of the Indian Paper and Sugar Industries are instances in point. The Calcutta Flour Mills, located far away from the Indian Wheat Zones, are an essential industry of this province and deserve similar consideration.

Q: 37. It appears that the Indian Cottage Industries even with the anticipated development under the Second Five Year Plan will not have such large dealings with railways as would require a special rail freight policy.

Q: 39. In extreme cases (vide our observations under 32) even uneconomic rates may be provided in the national interest.

Q: 40. The picture drawn by the committee appears to be generally correct, but the Association feels that there may be ways to meet the anticipated difficulties.

The Association feels that for distribution of mills' wheat products to short distance areas (upto 50 or 60 miles) the provision of rail owned road vehicles would be very effective. Similar facilities may be given to the carriage of wheat from central markets in Upper India to the local railway stations. Responsible committees of enquiry on road and rail transport (Mitchell Kirkness and the Wedgewood) have stressed the immediate necessity of the Indian railways' making extensive use of road vehicles. Little progress appears to have been made so far.

Q: 41. A too rigid framework of rail rates would cripple an industry. On the other hand, too much flexibility also has its evil effects. Each case of rail rates involving considerations of foreign trade deserves therefore to be examined on its own merits.

Q: 42. The rail freight policy of the Government of India as enunciated in 1948 has resulted in some good effects, e. g. "elimination of preferential rail rates" or "localisation of industries in areas where they should grow", but some of the principal aspects of rating have been completely neglected, with a very damaging effect on India's economic developments.

Q: 47. The "small agriculturist" is likely to suffer under the present scheme of wagon rates for wheat traffic. The mills indent for their raw materials in full wagons. A more practical proposition to relieve small agriculturists in this matter would be to provide them with better ware-house facilities by railways, or for clubbing consignments of wheat so as to make the lower wagon rates easily available to them.

Q: 48 to 50. If abundant quantities of cheap wheat become available in the country (as anticipated under the 2nd 5-Year Plan) there will be better prospects for the flour mills of Calcutta to enter South Asian markets overseas.

From Cawnpore to Calcutta (627 miles), for instance, the present rail charge of flour is Rs.1-6-6 against a charge of about Rs.1-2-0 on wheat. The transport cost of flour from U.P. is generally 25 per cent. higher than that of wheat. Calcutta flour mills have geographical advantages for developing foreign trade. The Mills recognise their own responsibilities and understand that rail rates for wheat are not the only factors determining the final price but they feel that the railways have a considerable responsibility in extending the foreign trade of the country, particularly in respect of wheat products, which are likely to be an exportable commodity in the near future.

## APPENDIX

### *Note on Transport problems experienced by Calcutta flour Mills*

**Rail Rates:** The former special rates for flour which were enjoyed by up-country mills in marketing their products to Bengal and Assam have been practically all cancelled. Calcutta flour mills are no longer "unduly prejudiced" in "rail rates for flour by E. Rly" (vide their case No. 55 before Rly. Rates Advisory Committee) but instead certain difficulties, requiring the sympathetic consideration of the Freight Structure Enquiry Committee, have arisen.

By the creation of East Pakistan the mills have lost their former markets in East Bengal and the old E. B. Rly. is no longer in the Indian Union. Calcutta mills have to find alternative market in South India. The average rail freight charges on wheat products varies between Rs. 2/- to Rs. 2/6 per maund viz.

		1955	
		Per maund	
From Chitpore to Bangalore City	Rs.	2 2 4	
... Calicut		2 6 2	
... Madras		1 14 7	
While to their former Bengal markets the mills were paying (1940)			
Calcutta to Bagerhat	...	0 4 0	
... Rajsahi	...	0 4 3	
... Serajunj Bazzar		0 5 0	

Thus the 1955 figures represent an increase of more than 400 per cent.

Loss of their local markets in Bengal will be counter-balanced if the Calcutta flour mills can secure foreign markets. As regards rail freight for wheat, the mills are re-

quired to pay a freight rate of an average of about Rs.1-4-0 per maund, from U.P., Rs.1-6-0 from C.P. and Rs. 1-8-0 from Southern (Eastern) Punjab. In 1940 the Calcutta Flour Mills Association calculated the average cost of importing wheat at Re. 0-12-0 per md., which possibly includes cartage, against Re. 0-4-0 payable by U. P. and Re. 0-6-0 by the Bihar Mills (Katihar, Sahibgunje, Bagalpur and Patna) and Re. 0-3-0 by the flour mills of Punjab (Patiala), irrespective of the comparative costs referred to here.

In view of a slight reduction of rail charges for the long distance movement of wheat only a few months ago, a further reduction of rates may perhaps not be agreed to, but the mills have a case for "special rates" of wheat from specific points in U.P., C.P. or the Punjab. About the special rates claimed, the Government of India has pledged itself to a policy of assisting essential indigenous industries by "special rail freights" and in this connection the cases of the raw materials of the Indian Paper, and Sugar industries may be cited. It is maintained that flour milling is an essential industry in West Bengal.

**Conditions of Carriage:** (South India) If South India is a permanent market now for Calcutta flour, better transport facilities must be given under-

(1) Wagon supply for carriage of wheat products.

(2) Provision of an effective alternative route via Calcutta Port.

(3) Provision of a sea-cum through rate via Madras or via Coconada.

Under item 1., the mills have chronic difficulties, which are likely to be aggravated further, as demands on rail transport will considerably increase when the 2nd 5-Year Plan matures. It is desirable that the Enquiry Committee should make immediate provision under items (2) and (3) for greater control of coastal ships and Calcutta port by the Government of India.

The introduction of "through rates" indicated under item (3) is a new scheme no doubt for this country, but in the U. S. A. this is a long established feature.

The mills may claim similar facilities under section 42 (1) of the Indian Railways Act (1890). The sympathetic attention of the Committee is requested.

*North Assam (North Bengal):* In the markets of North Assam, the problems concerning the "minimum load" for a wagon rate, and congestion at Manihari Ghat appear to be most prominent.

(1) *Conditions for Minimum load*—The question of minimum load per wagon was a major subject of enquiry by the Railway

Dhubri Steamer Ghat Rs. 1.5.6

Amingaon Steamer

Ghat Rs. 1.7.3

Tejpur Ghat Rs. 1.8.6

Rates Advisory Committee in case No. 55. The previous minimum load of 300 mds. per wagon ex-Calcutta was reduced to 200 in consideration of a representation by the Association that flour was a perishable commodity, and comparatively poor markets cannot absorb huge stocks at a time,

Similar conditions still prevail, but the minimum load for the wagon rate has been raised to 450 mds. If it be not possible to reduce the load condition to 200 mds. per wagon the Association suggests that provision for through rates (*via* Manihari Ghat) with a minimum load condition for the flour traffic to a number of specific markets situated in North Bengal or in North Assam should be made, without distributing the scales of existing freights payable to the Eastern or North Eastern railways for this purpose.

It may be noted that river steamer services provide not only cheaper rates for carriage of flour ex Calcutta but a minimum load condition of 200 mds. per consignment Calcutta to :

Per consignment of 200 mds.	Rail charges <i>via</i> Manihari Ghat route to Dhubri W/450
	Rs. 1.7.8 to
	Amingaon
	Rs. 1.9.7

2. *Congestion at Manihari Ghat.* The present transport difficulties at Manihari Ghat may be broadly grouped under

- Inadequate supply of wagons.
- Insufficient facilities for transshipment.
- Susceptibility to loss, damage or theft, due to the inefficient supervision.

The mills often choose the Pakistan route (recently opened) in spite of higher costs of transportation as indicated below

ex-Cossipore Road.	ex. Ramkristopur siding
Sealdah Chitpore	<i>via</i> Manihari Ghat route
To Dhubri Rs. 1 .8.10	Rs. 1. 7.8
Gauhati Rs. 1.12.10	Rs. 1.10.5

because of the transport difficulties of the Manihari Ghat route. From Howrah the charges are 0.0.4 per md. less than those quoted above.

The mills of Calcutta feel very strongly that under Section 42 of the Indian Railways Act (1890) they should be entitled to adequate facilities at Manihari Ghat (Transshipment point), and adequate supplies of wagons. Acceptance of the standard weight of bags should also be immediately reverted to, as the present system of weighments at the respective weigh bridges is a continual source of harassment and trouble.

## Calcutta Grain, Oil-seed & Rice Association

Calcutta.

GENERAL

I am directed to address you with regard to Rule 31 (2) of the I.R.C.A. Goods Tariff No. 29. In this regard I should explain that the Association recently made a representation on the subject to the Director of Traffic, Railway Board, who has advised the Association that it lay within the scope of your Committee's enquiry, and it has subsequently been noted that it falls under item (ii) of the terms of reference for your Committee.

2. Rule 31 (2) of the I.R.C.A. Goods Tariff No. 29 stipulates that the Railways are not liable for any loss or damage to goods lying in

railway sheds beyond a reasonable time the free time being normally counted as a "reasonable time" for this purpose. It seems to the Association that for a number of reasons this Rule is liable to operate very unfairly and to lead to very undesirable consequences at the present time when the incidence of theft has reached a very disturbing level, and when the free time has been drastically restricted to 24 hours.

3. The experience of the members of this Association is regrettable, that Rule 31 (2), which relieves the Railways and their

staff of any responsibility for the safekeeping of goods after the expiry of the free time, increases the danger of pilferage of goods, as it adversely affects the general standards of care which might be expected of Railway staff in looking after goods in railway sheds. You will appreciate that, while the abrogation of Railways' liability after the free time may appear quite reasonable in theory, in practice the distinction between "within free time" and "beyond free time" is not maintainable, for the owner of the goods always encounters insuperable difficulties in establishing that a loss occurred within free time, where that is the case. The practical result is, therefore, that the Railways make use of Rule 31 (2) to repudiate virtually all claims for loss and damage occurring in the railway sheds.

4. It is appreciated that the intention behind this Rule is to discourage delays in the removal of goods from the railway sheds, and this Association is in full sympathy with that aim. It should however, be recognised that adequate provision for achieving it already exists in the form of the restriction of the free time to a minimum and the heavy penal rates for wharfage, which are a very effective deterrent to delays in removal.

5. In the light of all these considerations, this Association would urge most earnestly that Rule 31 (2) should be deleted from the Railway Tariff or at least modified, to avoid such grossly inequitable effects as have been mentioned. It is recognised that in the case of goods lying in the railway sheds for a considerable time there may be some scope for such a rule and, if that is the Railways' view, it is suggested that the concept "beyond a reasonable time" should be interpreted so as to cover only those cases where excessive detention has, in fact, occurred, and not all cases outside the limited free time. Unless some modification of this type is brought into force, the inevitable result will be such continuing unmerited loss for railway users as will lead them to conclude that there is no point in paying the present heavy risk rates for freight.

6. These points have been represented to the Railway Board who have replied that they are unable to make any change in Rule 31 (2) on the ground that any relaxation would aggravate the prevailing tendency of accumulation of goods in railway sheds and godowns, thus resulting in stoppage of booking, misdespatch and exchange of consignments. The Railway Board went on to refer to the efforts which it had made with a view to preventing pilferage on the railway, referring in particular to the re-organisation of their Watch & Ward Staff and the maintenance of railway protection police. A copy of the Board's letter is attached for your information.

7. It seems to the Association that the Railway Board's letter ignores certain basic facts with regard to Rule 31(2). It should be pointed out that the rule was framed on Section 72 of the Indian Railways Act 1890, which implies that reasonable time must be given to a consignee to remove his goods. In this connection the period of 24 hours is not mentioned and was certainly not in contemplation, and while it is accepted that the consignee cannot for his own

convenience prolong the liabilities of the carriers, that certainly does not imply a restriction of the time given to the consignee to 24 hours. It may be noted from decided cases that it is ordinarily the duty of the carrier to give notice to the consignee of the arrival of the goods.

8. It is settled law that "reasonable time" must depend on the circumstances of each case, and in view of the normal obligation to issue a notice of arrival, it is clear that the reasonable time must in every case be more than 24 hours. Certainly it is clear that the intention of the Act was not to fix reasonable time so narrowly as to prevent the Railway from giving notices of arrival, and certainly if the railways insist on restricting the time to 24 hours, the corresponding obligation to give notice to the consignee should be strictly observed.

9. In this connection it may be remarked that the Indian law of carriage by rail has been developed on the lines of British legislation. Under British law the period of transit extends beyond the time of the actual journey and notice of arrival of the goods is necessary. Upon receipt of such notice it becomes the duty of the consignee to remove the goods within one clear day, and on the expiry of that clear day the transit is at an end. For so long as the transit exists, however, the liability of the railway is that of a carrier (Disney's Law of Carriage by Railways Chapter VI—Rights and Liabilities of Railways as carriers). It will be sufficiently clear from what has been said that the intention of both the Indian law and the British law which it has paralleled is certainly not that the Railway's liability as a common carrier should cease 24 hours from the arrival of the goods in the absence of any notice to the consignee.

10. The Railway Board has also referred to inadequate accommodation in the goods sheds as compelling them to enforce Rule 31 (2). In this regard commercial interests are sympathetic to the Railways' difficulties and most anxious to co-operate in every possible way, but it is felt that the obligations of the Railways under Section 42 of the Indian Railway Act in the matter of providing reasonable facilities for delivery merit attention. It is submitted that if the Railways are apprehensive of congestion due to increase in traffic their primary responsibility is to increase accommodation facilities adequately. It is understood that the Railways contemplate spending Rs. 55 lakhs per year on police protection measures and the value of this is very much appreciated, but it is submitted at the same time that due emphasis should be placed on improving accommodation facilities, and that the Railways should attempt to solve their difficulties by this means rather than by the use of Rule 31 (2) which in effect involves a curtailment of the reasonable facilities which the public is due under Section 42 of the Railway Act.

11. It may be emphasised that the basic policy underlying Rule 31 (2), that is to say, to eliminate congestion in the railway sheds, require to be readjusted to the changed pattern and volume of trade, commerce and industry of the country. With the increased development during the post-independence period there has been as a consequence a heavy increase in the flow of traffic through the Railways without any



corresponding improvement and expansion of the capacity of the railway sheds. Clearly the answer to the problem of shed congestion is in fact the expansion of shed capacity to cope with the increased traffic, the need for which is universally known.

12. Moreover, viewed in this context the free time of 24 hours allowed at present is entirely inadequate and of no benefit to the consignees. This is more so because elaborate formalities and technicalities have to be observed by the consignees before the goods are cleared. The time taken for compliance with the formalities and achieving clearance is in practice such as to make it entirely clear that the 24 hours free time is completely inadequate and that extension to 48 hours is required as a minimum.

13. Above all, however, the Association wishes to stress the unfairness, futility and positive undesirability of discriminating between delivery within the free time and outside it in the matter of liability for damage or

pilferage. The very proposition that the Railway is not liable for goods outside the free time has certainly encouraged malpractices and reacted adversely on the attitude of Railway Staff. The rule is thus bad policy, but, this apart, there are the moral and equitable considerations involved in the unwarranted prejudice to the interests of the trading public, who have suffered heavy losses. It is submitted that there is an overwhelming case for immediate amendment of the Rule, but if for any reason this is not immediately possible, there should be issued pending the amendment clear and definite instructions to the staff supervising the railway sheds that any loss or pilferage of goods beyond free time should be accounted for and the responsibility clearly fixed on the persons concerned. It will be appreciated that any technical difficulties in amending Rule 31(2) should not be made a reason for allowing the present unfortunate state of affairs to continue to the detriment of the trading public.

*Copy of a letter No. 6832-TC dated 4th August 1955 from the Deputy Director, Traffic (Genl.), Railway Board, New Delhi, to the Calcutta Grain Oilseed & Rice Association.*

*Responsibility of the Railway for goods unloaded in Railway sheds—Rule 31(2) of the I.R.C.A. Goods Tariff No. 29.*

With reference to your letter No. 264-H dated the 22nd July, 1955, I am directed to state that the matter has already been accorded a very careful consideration. The Railway Board, however, regret that they are unable to agree to your suggestion to make any change in the existing Rule 31(2) of the I.R.C.A. Goods Tariff No. 29, as any relaxation in the Rule must necessarily aggravate the prevailing tendency for accumulation of goods in railway sheds and godowns which in turn is bound to result in stoppage of booking, misdespatch and exchange of consignments.

2. As regards the incidence of thefts and pilferage of goods in transit by rail generally, including the period of storage in sheds, I am to add that Railway Administration and the Railway Board are fully alive to the need for preventing such thefts and are taking all possible measures in the matter. Besides, reorganising their watch and ward forces, since redesignated as Railway Security Force, the Railways are spending approximately Rs. 55 lakhs per annum on the maintenance of Railway Protection Police in various States. The Railway Board

are unable therefore, to agree to your contention that this Rule adversely affects the general standard of care which might be expected of Railway staff in booking after goods in railway sheds, and that all claims for loss or damage to consignments occurring while awaiting delivery in the railway sheds are being repudiated on the grounds of the protection given to the Railways under Rule 31(2) of the I.R.C.A. Goods Tariff No. 29.

3. I am also to state in this connection that the Government has recently set up a Committee named "The Railway Freight Structure Enquiry Committee" under the Chairmanship of Dr. A. Ramaswamy Mudaliar. Included in the terms of reference of this Committee is an item, reading:

"To examine whether the statutory provisions dealing with the responsibility of railways as carriers need, any, and if so, what, modification and in the light of the modification proposed whether any adjustment in freight is warranted."

4. If any representations on the subject under consideration are made to this Committee, they will doubtless make their recommendations, in due course, which will be considered by the Government.

**Calcutta Kirana (Spices) Merchants' Association,**

**Calcutta.**

#### **PART I A**

Q: 1. Before 1948 there was two classes of rates, one wagon rate and one special rate. In regard to Black pepper specially

which is imported from Malabar, South India to big distributing centres such as Calcutta etc. wherefrom the commodities are

distributed throughout the country, the trade of particular parts of the country will be affected by adoption of revised rates of 1948. Class rate should be modified specially for spices which are universally consumed by the public.

Q: 4. Maximum limit of rate as mentioned should be discontinued and instead special rate should be introduced according to the importance of the distributing centres.

Q: 6. The present one-mile unit should not be disturbed and replaced by any other unit.

Q: 7. The existing minimum distance for charge should not be altered.

Q: 9/10. The number of classifications of goods need not be increased but the commodities should be re-classified specially the spices and seeds should be treated as agricultural food products and placed in low rated classes.

Q: 12. No change is necessary.

Q: 13. Minimum charge should be the same for all commodities. No change in that regard is necessary.

Q: 14. There is no need for change in minimum weight limit.

Q: 15. Minimum weight should be same for all classes of goods and it should be 25 maunds for all classes.

Q: 16 (i) Wagon load minimum weight condition should not be revised towards upward direction. In regard to light goods there should not be any extra charge for weights other than the actual weight of goods loaded in the wagon in full e.g. aniseeds.

(iii) For quantities loaded beyond the minimum limit, they should definitely be charged at reduced rate as this will serve an inducement for the merchants to load more goods towards increment of the Railway income.

Q: 17. Train load weight rates should not be introduced as it is detrimental to the interest of the general class of traders.

Q: 18. No additional charges for goods in special express goods train should be levied.

Q: 21. (a) Railway must carry the traffic irrespective of short or long distance.

(b) Rate should not be increased only on that ground.

(c) Rate should not be increased only on that ground.

Q: 22. At present the rate is at par. If the Railway discontinues the bookings the freight will be increased abnormally by the transports of other modes.

Q: 29. Merchants incur loss for the present prevailing rate of freight in regard to the commodities such as Tapioca flour and starch, coconut oil, turmeric, betel nuts, black-pepper from South India, white jeera seeds from Rajasthan and Gujrat, and others from South India.

Special rates should be introduced distributing centres e.g. Calcutta, Bombay and Madras. This will increase the bulk of trade definitely beneficial to the railway revenue.

Q: 30. Station-to-station rate should be introduced for chief distributing centres such as Bombay, Calcutta and Madras.

Q: 32. There should be special rate to assist the development of Industry.

Q: 40. The freight rate of the light rated articles should not be increased. The loss, if any arising therefrom may be met by the concerned low rated articles.

Q: 41. The rate should be stable irrespective of varying factors.

*Further Suggestions:* All commodities should be carried at railway risks covering comprehensive risk including the risk of theft at running train and all major risks arising from flood, hurricane, fire etc. The Railway may protect themselves by insuring the goods with Insurance Companies. Thefts are rampant at the Railway stations where the goods are transhipped. Such theft should be dealt with severely as the Railways suffer a great deal in allowing compensation and the traders for harassment.

## PART II

Q: 1(b) The traders prefer to book spices in general at higher railway risk rates.

Q: 2 (a). Traders do not generally resort to private insurance. If at all it is negligible.

Q: 4(a). The loss of traders has increased abnormally; but the actual payment has not increased proportionately as the claims are repudiated on technical grounds. Repudiated Claims are decreed against the Railway authorities whenever the traders take shelter of the court of law for such repudiated claims.

Q: 5 (a) In respect of compensation claims paid by Railway :—

(i) Quantum of payment arises mainly from thefts and pilferages,

(v & vi) Payment is also made on this account as reasonably good quantity is damaged due to rough shunting and rough handling and also due to leakage and damp.

Q: 7(b). Single Railway risk rates only are recommended.

Q: 10. Owners' Risks should altogether be withdrawn. The Railway Risks should cover all risks e.g. strike, riot, civil commotion, fire, flood, accident, fall in prices due to abnormal delay in transit etc.

Q: 12. No such offer can be accepted. Railways should accept goods for transport at railway risks only.

Q: 17. Ware-house facilities as mentioned in should be allowed. It should definitely be done by the Railway authorities at a nominal charge.

Q: 18. Railways should be treated as insurers of goods not as bailees and as such their liability should cover all losses as suggested under Q: No. 10.

Q: 19. (1) Persons accused in thefts and pilferages of Railway goods should be severely dealt with.

(2) The doors of the wagons should be so fitted that there remains no space giving opportunity for commission of pilferage.

(3) The open space between the floor and the doors should be thoroughly closed either by adjustment of the doors or putting other materials for clogging. Holes in the floor should properly be blocked.

(4) The condition of the wagons should be checked by responsible persons before loading.

(5) Responsible officers should be deputed to look to the goods trains at stoppage in transit and watch and ward department

should be alert at every stoppage so that theft may not occur at all. Goods trains should not be detained long at any stoppage till they reach the destination.

(6) Armed guards should be posted on places where transfer of goods takes place.

(7) Officers of the stations where no theft or pilferage takes place at all should be rewarded and due publicity of the fact should be made.

---

## Calcutta Rice Mills Association, Calcutta.

---

### GENERAL

1. *Uneconomic grouping of Rice and Paddy.* In the existing classification of goods, rice and paddy have been grouped together with several other commodities under the head of "Grain & Pulses". The Committee of the Association hold this grouping to be unreasonable and uneconomic. They strongly object to paddy being charged at the same rate of freight as rice. The conversion ratio is different for different variety of paddy but 60 seers of paddy cannot produce more than 40 seers of rice. The Railway freight for paddy and rice being same, it becomes difficult for the manufacturers to compete in the market.

There are nearly 100 rice mills in and around Calcutta and about 400 rice mills in the State of West Bengal. All these rice mills are dependant on the import of paddy from various stations within the radius of about 150 miles and other States also by Rail.

Calcutta being the main centre for the consumption of the products, rice and paddy generally come down to Calcutta from the abovementioned areas, rendering it very difficult for the rice mills to compete in the markets against the rice-lots brought from those areas.

2. *Road Transport vs. Rail Transport.* As a matter of fact, if paddy cannot be brought at a cheaper rate into the places where rice

mills are situated, the rice milling industry in those localities will hardly be able to stand in the competitive markets, when lorry transport is now available at a cheaper rate all over the country.

For instance, rice can be brought into Calcutta from Burdwan by lorry at the rate of As. 3/- per maund while paddy comes by rail at an expenditure of As. 4/- per maund. Then adding the production cost of rice in the mills the rate goes upto As. 6/- per maund.

3. *Cheaper Railway Freight will be helpful for sizable export of the surplus.*—Further, in view of the prospect of a bumper crop in the near future, export of rice to foreign markets is also expected. It is presumed that the Government is also contemplating to encourage the export of India's rice in the near future. It, therefore, becomes much more essential to decrease the Railway freight rates of paddy to enable the manufacturers to produce considerable quantity of rice at a lower rate to compete in the foreign market.

4. *Support for the claim in an existing case.* At present, the Railway freight in some particular cases of raw materials is comparatively lower than the finished goods and the rates for oils & oil-seeds will speak in favour of the claims of the Committee of the Calcutta Rice Mills Association.

---

## Calcutta Yarn Merchants' Association, Calcutta.

---

### PART I-A.

Q: 6 & 7. The distance unit should be based on a figure divisible by a decimal. As for example, every 10 miles should be a

unit. On the basis of this unit the minimum distance for goods traffic should also be charged.

Q: 10. There was no justification of raising the class rate of yarn to current classes 9 O/R and 10 R. R. The raising of class rate could be justified in the event of only of its being established that the rise in the prices of yarn were very high. In view of yarn's transportation characteristics and other factors involved which have to be taken into consideration the reclassification of yarn should be made placing it to class 7 O/R and 8 R. R. i. e. two classes lower.

Q: 21. (a) In the present circumstances when the road transport requires considerable development it will be an unwise step to withdraw the "short distance" traffic system.

(b) In view of the above the Railway cannot afford to make its freight rates for short distance competitive with other means of transport.

(c) It is suggested that for long distance traffic special express goods services and special station-to-station rates should be introduced.

Q: 28 & 29. Under the direction of the Railway Board the Association took up the quotation of station-to-station rates with the (1) Eastern Railway, (2) Southern Railway, (3) Western Railway, and (4) Central Railway, stating, *inter-alia* that:

(a) The increased transport cost arising from the higher incidence of Railway freight, in particular, has its inevitable repercussion on the price structure of the commodity. As a consequence the market for cotton yarn has been ruling on most uneconomic price level, which has naturally taken away the incentive for development of the trade, and particularly the handloom industry.

(b) There is considerable shortage of wagons for movements of traffic and had there been adequate supplies of wagons there would have been more and

more quick turn-rounds. The quicker turn-rounds of wagons would have fetched much more revenues for the Railways.

(c) The present increase class rate for cotton yarn is far too steep for a long haul which deserves to be afforded a reasonable relief. In accordance with the General Rules in the Goods Tariff which contemplate a lower rate for long distance hauls such kind of a reasonable relief is not an innovation.

(d) As Calcutta is the main centre to feed the entire Eastern Zone Market with cotton yarn, there was a special concessional freight rate for consignments of yarn to Calcutta. During the currency of this concessional rate the traders of up-country places could get their supplies from Calcutta paying overall less freight than under the present arrangements when they are required to pay much more freight either for supplies from Calcutta or for direct supplies from mills.

All the railways have stated that the matter is still under consideration.

Q: 37. 90% of yarns manufactured by Indian mills is consumed by Handloom Weavers and as Government is encouraging this cottage industry and thereby giving it protection from various competitions, it is this industry which is ultimately hard hit by the current high freight charges.

Q: 44. F.O.R. Forwarding Station mainly and in very few cases F.O.R. destination.

(a) Selling prices from Rs. 15/- to Rs. 55/- per 10 lbs. Freight Rs. 5/5/9 per maund.

(b) 1500 miles, average selling price Rs. 20/- per 10 lbs. Proportionate Railway Freight As 12/- per lb.

(c) No.

## Coal Consumers Association of India Calcutta.

### GENERAL

It may be noted our Association is interested primarily in the movement of coal and coke to the industries and as such a complete reply to the questionnaire has not been considered necessary. The Association would like to draw the attention of the Freight Structure Committee to the following peculiar aspects of coal as a commodity, relative to the question of any increase of freight on it.

(1) What food is to the human body, coal is to the industries. It is the most important source of power to the industries. In some industries for instance, Gas, it is also an important raw material. Without coal and coke, the whole industrial structure of the country will come to a stand still.

(2) Eighty percent of the coal demand of the country has to be met from collieries in Bihar and West Bengal. When coal has to be moved several hundreds of miles before it reaches the consuming industries in distant Saurashtra, South India or East Punjab, railway freight becomes a very important item in expense since coal is heavy in bulk, containing as it does a lot of useless matter like ash which has no value to the consumer.

(3) A peculiarity of coal in India compared to other commodities is its relatively higher percentage of impurities mostly ash which varies generally from 15% to 35% plus 2% to 10% of moisture. When freight is paid on coal, about 30% of it on an average is paid to carry useless ash and moisture.

(4) Another feature of coal to be borne in mind when determining the freight is that a portion of it is reduced to powder owing to the shaking it receives in transit and for such powdered coal, a purchaser of coal has generally no use.

(5) The number of malpractices common to the coal trade which cheat the purchaser both regards the quality and quantity of coal he pays for should be noted. Grades fixing the quality have deteriorated since the original grades were fixed long ago and the determination and fixation of new grades is a slow process which will take years to complete. For the ordinary purchaser of coal, there is no inspection by the Coal Board at the mines. Also ordinary factories like Cotton Mills etc. have generally neither laboratories nor weighbridges at their end. Taking advantage of these circumstances, a practice has grown up among the unscrupulous coal producers to ship lower grades of coal that the customer requires and charge him for the higher grade, except in the case of large units of industries like Steel who keep their own inspectors. A second malpractice is for some colliery owners in collusion with some of the Railway weighbridge men to make out railway receipts for a higher tonnage than the wagon actually contains. Thus a wagon containing eighteen tons of coal would be declared in the railway receipts as containing twenty tons and when the purchaser complains, a stereotyped reply is given that the less weight received must be due to loss in transit. A third malpractice is the theft in transit, and at transshipment points either in collusion with Railway servants or without. It should, therefore, be noted that a purchaser of coal does not generally get at the factory end either the quality or the quantity he pays for. When he pays freight on a twenty ton shipment, he would be fortunate if he gets 15 to 16 tons of coal at destination, not to speak of its quality. In the conditions of corruption prevalent in the coal fields and the Railways and the encouraged thefts in transit, it cannot be said that Indian coal is cheap. To judge by prices on paper alone is to judge wrong.

(6) It is inopportune at present to increase any freight on coal. The proper time for such consideration would be after the Second Plan when electrification of railways would cover about 1,200 miles of track, when regional supplies of coal would be increased and it would be easily then assessed what percentage of coal Government projects themselves will consume out of the total production.

When the tracts between Howrah-Nagpur and Howrah-Moghalsarai are electrified, Railways would be able to test the assumption that between certain stations, electrification would be profitable to the extent of 20 to 25%. The economy effected by electrification in the relative saving of coal and by the much quicker turn-round of wagons could be then gauged. If electrification is a paying proposition, the financial reason for increasing freight on coal to cover losses would be weakened. If also it is found that owing to the three or four or more Government Steel Works, other existing and new Government projects, and Railways, nearly 70% of the

coal production in the near future will go to feed Government owned works, the case for increasing the freight on coal becomes weaker, because thereby Government would be increasing the operation costs of its own Steel Works etc., in their initial stage just, when they need extra help and protection. Thirdly if by increasing regional coal production in Madhya Pradesh, Vindhya Pradesh, Karanpura, Orissa and Hyderabad in the Second Plan period and thus reducing the tonnage of coal carried from Bengal to the South and West, consumers are benefitted, they would be in a better position than to bear any increase in freight than they are now. We, therefore, suggest that the question of freight increase on coal be put off till the end of the Second Plan, especially since considerable increase in price of coal will follow if the pending Coal Tribunal's decision goes in favour of labour; also the coal producers are asking for a larger margin of profit; there will be also a great temptation to reduce the losses of the majority of Government collieries by an increase in the price of coal. It cannot be the policy of Government to beat down industries on the threshold of the Second Plan, both by increasing the coal freight and coal prices. Consumers of coal are threatened with a triple tribulation:—

- (i) increase in coal freight by the Freight Structure Committee;
  - (ii) increase in coal prices by the Labour Appellate Tribunal's decision and
  - (iii) a second increase in coal freight because the price of coal has gone up by the Tribunal's decision.
- (7) Below we have given some suggestions for the consideration of the Freight Structure Committee:—
- (i) As stated before thermal electricity used for electrification of railways makes a more efficient use of coal than burning it for steam raising purposes; thermal electricity can be produced from any low grade coal; thus electrification means economy in coal both as regards quantity and quality of coal used. Apart from the speed of electrification improving the turn-round of locomotives and wagons, more ton-miles of traffic are covered in 24 hours than under steam traction, thus reducing the over-heads. There is a traffic density ratio indicating when a track should be electrified. But in the present industrial revolution which is gathering momentum every year, traffic is bound to increase, greatly outpacing expert expectations. It is, therefore, desirable for Railways to go in for further electrification of selected tracks in anticipation of the density ratio being reached.
  - (ii) At present there are freight rates for a wagon and less than a wagon load but not for a train load of coal. Coal for Steel Works moves in train loads. Thus coal for Rourkela, Bhilai, Durgapur and Bokaro Steel Works will move in trainloads. Also coal for the Cement and Chemical Industries dump in Saurashtra is despatched in trainloads. The economy to the Railway in transport of coal in trainload consists in the train reaching its destination in much less



time owing to absence of unnecessary intermediate stoppages than a wagon load would do, thus accomplishing more ton-miles in a given time and reducing the overheads on unit of ton-mile traffic, not to speak of the rapid turn-round of wagons. A low trainload freight rate for coal will also benefit the four Government Steel Works and if other industrial units having adequate siding facilities take advantage of the train load freight and order their coal accordingly specially those situated at a distance from coal-fields, it will benefit both the Railways and the industry.

- (iii) Cement and Chemical Industries in the South and Saurashtra, located far away from Bengal, require Bengal coal to blend with lower quality coal obtained from Madhya Pradesh etc. As they experience great difficulty in getting coal from such a long distance, they have at times to get the coal by coastal steamers. But the coastal freight rate, instead of being cheaper costs them nearly double the rail freight which is already high. Thus for the Chemical Works at Mithapur in Saurashtra, the rail-cum-sea freight for coal from Bengal-Bihar costs Rs. 62 per ton, whereas the rail freight is about Rs. 25 per ton.

With the expansion of such industries on the Southern and Western coast of India in the Second Plan, this difficulty of getting superior quality of coal for blending from Bengal will be aggravated. Already the coastal freight has been increased by 5%. Two alternative solutions are suggested for the consideration of the Freight Structure Committee, on the assumption that transport of coal by rail from Bengal to such long distant destinations in the South and the West must be entailing loss on the Railways. The suggestions are :—

- (i) The difference between the sea-freight and rail-freight should be borne by the Railways, since it is due to inadequacy of rail transport that the industries in order to keep going their works have to import Bengal coal by the costly coastal route ;
- (ii) also Railways should consider if it is practicable for them to enter into special charter party arrangements for steamers to bring coal from Calcutta to the Saurashtra Ports and take back a cargo of salt, cement and chemicals from Saurashtra to Calcutta. Such a charter party arrangement would reduce freight on coal from Calcutta to Saurashtra as sufficient return cargo is assured ; and
- (iii) Considering that the Trombay Thermal Power-house in Bombay has arranged to use instead of coal from Bengal-Bihar or Madhya Pradesh, oil, gas and pitch from Stan-Vac Refinery, and that some industries in Saurashtra are already run partly on oil and partly on coal, Government should persuade the Refinery Co. to supply in bulk at a concession rate oil to Saurashtra industries both existing and to be set-up in the Second Plan, if necessary with a small subsidy from Government

to the Refinery in consideration of the reduction in loss incurred by less coal having to be hauled from long distance to this difficult area, ridden with broad gauge and metre gauge breaks. If this arrangement for use of oil succeeds in Saurashtra, it may be tried for the South also. In the meanwhile, it should be made obligatory for all coal for Saurashtra Railway to be sent by sea to give relief to private coal traffic and the dieselisation of Saurashtra locomotives which has already started should be expedited.

(8) We now touch on some minor suggestions :—

- (i) There should be a zonal freight system in Bengal-Bihar coal-fields so that all collieries served by the same weighbridge should have the same freight for the distance between colliery and weighbridge. This can be done by taking an average of the distance between the weighbridge and the collieries served by it and the railway freight fixed for that average distance. This will remove a number of anomalies prevalent at present. For instance it is found that a colliery situated nearer the weighbridge has to pay at times higher freight than the colliery, situated away from the weighbridge. We are giving below certain instances where difference in freight occurs although the distance from the collieries to the weighbridge is practically the same. Such anomalies should be removed :—
- (1) Birds Mudidih Colliery :—Here there are two sidings, North & South. The Railway freight from Mudidih South to Burnpur Works is higher by -3/- annas per ton as compared to the Railway freight from Mudidih North, although the distance is practically the same.
- (2) Lodna Colliery :—Here again there are two sidings, Lodna (KTH) & Lodna (9) practically the same distance to Weighbridge but the Railway freight from Lodna (9) to Burnpur Works is -2/- annas per ton higher than the Railway freight from Lodna (KTH).
- (3) The Railway freight from Pootkee Colliery to Burnpur Works is higher by -6/- annas per ton as compared to the freight from West Gopalichuck Colliery although the distance from West Gopalichuck Colliery to the Works is greater than from Pootkee Colliery.
- (4) The Railway freight from South Jharia and Eastern Ena Collieries to Burnpur Works is Rs. 3/15/2 1/2 per ton and freight from Lodna (9) is Rs. 4/1/2 1/2 although the distance from East Ena and South Jharia Collieries is greater than from Lodna (9).
- (5) Katras Choitodih :—The Railway freight from Katras Choitodih Colliery to Burnpur Works is Rs. 4/1/2 1/2 per ton and the Railway freight from Jharia Khas is Rs. 3/12/2 1/2 although the distance from Katras Choitodih to the Works is very little more than from Jharia Khas.

- (6) Birds Loyabad Colliery is served by Eastern Railway and South Eastern Railway. Freight from the Eastern Railway to Burnpur Works is Rs. 3/12/2½ per ton and freight from the South Eastern Railway is Rs. 4/8/2 1/2 i.e. a difference of -12/- annas per ton.
- (7) South Bulliary Bendwadih Colliery is also served by the Eastern Railway and the South Eastern Railway. Freight from the Eastern Railway to Burnpur Works is Rs. 3/12/2 1/2 and the freight from the South Eastern Railway is Rs. 4/12/2 1/2 i.e. a difference of Re. 1 per ton.
- (8) Sripur, Pure Searsole, Chinakuri and Sanctoria:—The difference of -7/- annas per ton freight between Eastern Railway and South Eastern Railway is on account of a siding charge levied for coal received at Burnco Siding (Eastern Railway); whereas no siding charge is levied for coal received at Burnpur (South Eastern Railway). This difference of -7/- per ton should be taken up.
- (ii) Government Steel Works will soon have to build their own washeries for their washed coal requirements. So far as washeries are concerned, till recently the freight was charged for transport of coal from collieries to washeries and again from washeries to destinations along with other charges like terminal etc. Though now Railways have agreed to treat the entire distance from colliery to destination via the washery as one journey, they insist on the usual terminal charges for unloading of coal at the washery and for loading washed coal into wagons. Some concession in this double terminal charge would be appreciated in consideration of the fact that transport of washed coal means so much less haulage of impurities in coal. If necessary, condemned wagons can be used for the short distance from colliery to washery. Railways should thus encourage both Government and private washeries.
- (iii) The difference between the Railway freight on Owner's risk and at Railway risk at present is very high. The Association strongly feels that the extra for the Railway risk should be reasonable and based on ordinary commercial insurance practice.
- (iv) The maximum loading capacity of many of the wagons (floor space being 182 sq. ft.) is below the minimum weight fixed for determining the freight for wagon containing coal and coke. It is suggested that the minimum weight should further be reduced in such cases or the freight should be charged only on the tonnage loaded in the wagons.
- (v) At present collieries are experiencing great difficulty in disposing of the non-coking slack coal below 1". Although there is a difference of Re. 1/- per ton in the prices of slack coal and Steam coal, this is not a sufficient inducement to the consumers to take slack coal. If Railways in their own interest and also in the interest of the country, offered some inducement in the matter of freight, the consumers might be interested in using the non-coking slack coal below 1".

9. We end our statement with a query regarding the Government policy about Railways. Shri P. C. Bhattacharya, Finance Commissioner of Railways, in a recent article in the Statesman states "It was only after independence that the conception of railways as a service department in a Welfare State, instead of a purely commercial undertaking began to gain ground." But if it is so, we do not understand:

- (i) Why it should be made obligatory on this service department by a Welfare State to make an annual contribution of Rs. 35 crores to the general revenues instead of allowing it to spend the amount either on improving or cheapening its services to the public;
- (ii) Why this service department should be allowed to raise the freight on coal when 70% of the future production of coal is likely to be consumed by existing and new projects of our Welfare State and thus raising their cost of operation; and
- (iii) Why the Welfare State should allow the cost of domestic coke to be raised by raising its freight, when the policy should be to cheapen the cost of this domestic fuel so that in order to get their supplies of fuel, people may not cut down trees with consequent erosion of soil and disaster of floods.

## PART II

### GENERAL

At present if the consignments are booked at "Owner's Risk", the Railways do not take any responsibility for shortages due to pilferage etc. in transit. The Railway authorities even refuse to weigh the wagons at the party's request, if they are booked at Owner's Risk. In this connection I am enclosing a copy of the letter No. UD/H/5/55, dated the 15th July 1955 addressed by the Coal Area Superintendent to Messrs. Shree Hanuman Foundries Ltd., a member-firm of the Association from which it will be noticed that reweighment of their wagon in which shortage had taken place was not allowed

by the Eastern Railway. In all fairness, as carriers of goods, the Railways should accept the responsibility to protect, against theft and pilferage in transit, goods entrusted to them for carrying and on which freight is paid. The Railways, as carriers, by denying their responsibility for loss due to pilferage etc. and by not giving adequate protection against theft in transit, indirectly encourage the unsocial elements in their Railway service in collusion with outsiders to organise and plan systematic and regular thefts of coal and coke in transit, it being pre-arranged with the Railway employees

concerned not to give the signal and thus stop the coal trains at fixed places en route to enable coal or coke to be pilfered without let or hindrance. The only remedy, the Association can think of in order to make the Railways conscious that such thefts of coal and coke take place generally through the connivance of some of its employees is to have a single rate for the transport of coal

and coke at Railway Risk and it should be made up of the present rate at owner's risk plus a small premium based on commercial insurance practice for shortages of coal and coke en route. This will make the Railways interested in rooting out the serious evil of pilferage of coal and coke either by outsiders on their own or in collusion with Railway employees.

*Copy of letter No. UD/H/5/53. from Coal Area Superintendent to Shree Hanuman Foundries Ltd., 370, Upper Chitpore Road, Calcutta-6.*

With reference to your above quoted letter, it may please be noted that the consignment in question reached destination on 16-2-55 and was offered to you for delivery. You refused to take delivery on the ground of heavy shortage. As the consignment was booked under "Owners Risk" reweighment was not allowed as per provisions in the Coal Tariff. As you are aware, the contract for carriage entered into by the railway in all cases of coal consignments is subject to the conditions and provisions laid down in the Coal Tariff.

Under the Law, you were bound to take delivery of the consignment when it was offered to you for delivery and then put for-

ward your claim for shortage, if any. Since delivery was refused by you, arrangements were made for disposal of the consignment in order to prevent further loss for which necessary registered notice was also served on you giving you 15 days time to arrange delivery. Since inspite of this registered notice no action was taken by you to take delivery of the consignment, it was disposed of under advice from the Civil Supply authorities as per standing instructions on this subject.

Under these circumstances, I regret your claim for compensation in this case is not entertainable.

## Engineering Association of India,

Calcutta.

GENERAL

In making their observations the Committee of the Association have not concerned themselves with individual questions but have attempted to place before the Committee *certain broad facts concerning the different branches of the engineering industry.*

The freight policy underlying the railway administration of transport was framed long ago mainly with a view to help the export of raw produce and the import of foreign material, when Indian industries were in infancy, so to say, in their swaddling cloth. Now that many of them have reached maturity and further industrialisation of the country is a necessity to minimise the evil of unemployment which grows with the growth of population, the situation urgently requires a different orientation of the freight policy which should be set definitely and purposefully to accelerate the industrial progress of the country. In the vast sub-continent of India, it happens that some important industries are situated far from the industries consuming their products and it also happens that some essential raw materials are found far from where they are required. A wise national freight policy would adjust its freights to ease such positions and not insist on arranging freights on the basis of what the traffic can bear. For instance, industries in Southern India including Mysore, which are far from the coast line, are hampered in their operation and development by the fact that they

have to haul their coal, an essential raw material, from a very long distance. Mysore Iron & Steel Works are manufacturing ferro-silicon and ferro chrome and are best located owing to their proximity to cheap electric power and required minerals for their manufacture. But the steel manufacturing and alloy manufacturing works which consume ferro silicon and ferro chrome are more than a thousand miles away from Mysore and unless railways concerned give generous consideration to this special industry of manufacturing ferro silicon and ferro chrome at Bhadravathi, this promising industry will be greatly hindered in its development. Raw magnesite of Southern India and Mysore required by the refractory brick industry in West Bengal and Bihar, is in the same category.

The railway freight structure which was suddenly brought about in 1948 did not keep these aspects in view. Nor did the revision of railway freight structure at that time bring about much benefit to the industry.

The industry has been greatly concerned with the upward trend railway freight structure has taken for the last few years. It is difficult to understand how increased revenues are to be secured to the railways without affecting the growth of trade and industry unless it is assumed that the railways' development schemes are financed entirely

through loans and increased revenue results from earnings from such schemes as increase in mileage, doubling of tracks and putting more wagons on the line. The Committee are inclined to think that the idea of financing development schemes from current revenues has grown out of the monopolistic character of the railways as carriers and it deserves to be deprecated since it is bound to affect the growth of trade and industry.

The experience of trade and industry has been that the railways as a national undertaking have not on the whole been inclined to evolve a freight structure which would help the development of trade and industry. The consideration has so far been only revenue and expenditure.

Again the idea of acceptance of the increased liability by the railways for goods on account of loss, deterioration or destruction during transit and need for increased freight, therefore, the Committee feel, has occurred because of the monopolistic character of the railways. You will appreciate that no private entrepreneur would dare increase freight on this score if there was scope for free competition.

The Committee, therefore, strongly are of the opinion that this question should be examined threadbare and with a great deal of objectivity, and no additional burden should be placed on the railway users on this score unless it becomes evident that the railways would not be able to ensure safe transit of goods entrusted to them for transport with their existing resources.

Coming to the question of classification of goods in the order of ability to bear the cost of increased transport charges, the Committee would suggest that the goods may first be divided into three broad categories viz., producers goods (Basic), capital goods and consumer goods and that the nascent industries falling under any one of these three categories and found deserving, in national interest, should receive special consideration for grant of reduced freight rates called development rates.

The committee would also point out that there are good many such nascent industries which regularly use railway facilities but are situated at a distance either from the consuming centres or the place of supply of raw materials and obviously, therefore, are required to pay substantial charges by way of railway freight. Such industries, therefore, find it difficult to withstand the competition from their overseas counterparts with the result that they have to keep the prices of their products within bare economic limits. As the railway freight rate for such industries forms an appreciable percentage of the consumer prices, even a very slight increase in railway freight rates will upset their economy or tip the scales heavily in favour of the foreign competitors.

The Committee, therefore, are strongly of the opinion that the cases of such industries should be paid a very thoughtful and

serious consideration before any action in increasing the freight rate applicable to their products is taken. Besides, the Committee feel, in many cases, consignments are generally covered by insurance for damage, destruction and deterioration etc., and hence such consignees as prefer to cover their goods under insurance would be required to pay for the increased liability of railway for goods without deriving proportionate benefit thereof. This, therefore, obviously would prove an additional burden on the trade and industry of the country. The Committee, therefore, submit that the railways should increase their liability to ensure safe transport for goods entrusted to them only to the extent it could be met from the existing resources and certainly not by obtaining additional revenues by increasing freight rates.

The Committee would also point out that some of the non-ferrous metals like scrap, alloys and semis constitute essential raw material for various other engineering and industrial workshops and as such their classification should be similar to that of industrial raw materials so that the railways while ensuring a fair return for the traffic and risk involved do not at the same time contribute directly to any undue insistence on the cost of production. The Committee would, therefore, suggest change in the existing classification as given in the *schedule* attached.

The Committee in this connection would also point out that in certain cases the description of commodities is not exhaustive with the result that the authorities concerned due to their inability to fix up proper classification or lack of knowledge classify the same under "Metals N. O. C." and thereby require industrial and trade units consuming them to pay excess freight without any fault of theirs and also put them to inconvenience as it often results in inordinate delays for admitting the claims and getting refund against the same. To avoid such ambiguity or uncertainty, the Committee would suggest that the description of commodities concerned should be exhaustive.

The Committee quite appreciate that it would not be possible to have all comprehensive classification. However, in case of doubt or ambiguity, the authority can consult trade and industry and lay down proper classification in association and close collaboration, after examining the propriety, utility, price factor, etc., of the material under question.

The Committee have also been advised that the freight rate for certain raw materials is rather very high and out of all proportion when compared to their cost. Coke and sand are the instances on the point. The cost of coke for a foundry in Bombay ex their works comes to Rs. 67/12/9 for which Rs. 22/12/- per ton of coke are accounted for by way of railway freight, whereas the price of the coke f. o. r. colliery is only Rs. 34/12/- per ton. (split up cost is given below:-)

					Rs.	a.	p.	Rs.	a.	p.
Approx. cost of Coke per ton—										
Coke f.o.r. Colliery	...	...	...	...	34	12	0			
Suppliers Commission	...	...	...	...	2	8	0			
Sales tax	...	...	...	...	0	8	9	37	12	9
Freight & Transportation—										
Railway Freight	...	...	...	...	22	12	0			
Loading, transportation	...	...	...	...	7	4	0	30	0	0
Factory cost per ton								67	12	9

From this it would appear that railway freight for coke forms a very substantial part of the cost of the foundry products and hence the same if reduced would go a long way in enabling the foundries to run economically. Similarly, the freight rate for sand consumed by foundry industry in Bombay in certain cases is nearly more than double the

actual cost of the sand itself whereas that of lime-stone is more than double and dolomite stone more than triple as could be seen from the following table and hence needs be reduced substantially in the interest of the indigenous foundry industry in Bombay area :—

Description of Sand.		Stations.	Quantity Tons.	Cost of Sand at quarry.	Railway Freight.
				Rs.	Rs.
Silica Sand	...	Shankargadh to Bombay.	23	347	676
Silica Sand	...	Hyderabad to Bombay.	23	385	456
Fine River Sand	...	Wadi to Bombay.	24	250	422
Fire Clay	...	Thanagarh to Bombay.	24	588	462
Lime Stone	...	Wadi to Bombay.	24	160	412
Dolomite Stone	...	Bilaspur to Bombay.	24	192	672

As regards lime-stone, the Committee may point out that freight for Calcined Lime and Lime-stone is the same. In fact, the freight rate for lime stone should be lower than the present freight rate. The yield of Calcined lime out of the lime-stone is about 50%. This discourages the Steel Furnace Owners from calcining lime in their own factories, which is essential for getting fresh lime in lumps regularly required for Electric Steel Furnaces. As the freight for lime-stone is the same as for Calcined lime, it becomes uneconomical to get lime stone from places like Katni and Jukehi in Madhya Pradesh.

The Committee would also like to point out that in some of the consumer goods, freight rate is charged not on the actual weight basis but on the maximum weight carrying capacity of a wagon with the result that transport cost for such units of the industry as are located at a distance from the consuming centres as compared to their counterparts find it difficult to withstand competition.

To illustrate, the Committee would point out that the competitive capacity of the barrel manufacturing industry in Bombay area is adversely affected as compared to its counterparts located in the up-country as the consuming centres for these products are Calcutta, Delhi and Madras.

The Committee feel that in view of the above facts the case of barrel manufacturing industry located in Bombay area deserves sympathetic consideration for reduction in railway freight rate to the extent which would enable them to withstand the competition from their up-country counterparts. If due to any difficulties this suggestion

does not meet with the approval of your Committee, the Committee in the alternative would suggest that the railways should be asked to provide special wagons with larger capacities so as to enable industrial units located in Bombay area to load at least 170 to 180 barrels and thus enable them to render their products economic for being sold to out-stations.

The Committee in this connection would point out that if the freight rate for this industry is fixed at about Re. 1/- per barrel for any out-station the competitive capacity of the industry in Bombay area would be maintained.

The Committee have been informed that under the present freight structure the railways give preferential treatment to the booking for boats for shooting as compared to the other types of boats viz., Rowing motor boats etc., with the result that it puts the manufacturers of other types of boats in Bombay area to a great disadvantage as compared to the manufacturers of boats for shooting in that area.

The Committee would, therefore, suggest that, in all fairness, to the boat building industry, the railway rates structure should provide the uniform rates for the consignments of all types of boats and thus enable the industry to maintain its competitive capacity.

Coming to the difficulties encountered by the re-rolling industry, the Committee would point out that this industry was granted a special concessional rate of freight by the railways in 1940, which continued upto 1943. With the introduction, however, of Port price



structure for the re-rollable scrap in that year, re-rollers were required to pay the place extras and the benefit of concessional booking freight rate available to them was discontinued. In 1951, however, under the correction slip No. 12 to Goods Tariff No. 28 issued by the I.R.C.A. the definition of iron and steel scrap was revised whereby freight rate on iron and steel scrap strictly conforming to the revised definition of scrap was reduced for being booked to the up-country. A further amendment to the Goods Tariff No. 28 in September, 1953, permitted booking of re-rollable scrap at the revised reduced rate of freight. Consequent upon the above mentioned amendments, the Iron & Steel Control Scrap Price Schedule was also revised so as to keep place extras of re-rollable scrap in conformity with the lower freight rates fixed by the railways. Normally, this would have afforded a long needed relief to the industry. But number of consignments of re-rollable scrap booked to the up-country re-rollers were and in fact are being held up at destination stations on the ground that the scrap consigned did not fall within the category of scrap as defined in the railways notification under reference and required the consignees concerned to pay undercharge.

The consignments of re-rollable scrap booked from M/s. Tata Iron & Steel Co., Ltd., Jamshedpur or from M/s. Indian Iron & Steel Co., Ltd., Burnpur, to Calcutta, at the reduced freight rate are, however, being delivered by the railway authorities concerned without any claim for such under-charges. Similarly, some consignments to up-country stations are being booked and delivered in the like manner. The Committee do not understand the inconsistent attitude of the railway authorities concerned on this account more so when the authorities at the destination stations, do not accept the affreightment of the despatching stations. Thus it would be seen that unhappy terminology used in condition No. S/19, leaves the question of allowing the lower rate of freight on scrap at the discretion of the railway authorities at destination stations with the obvious result of it being interpreted arbitrarily.

The Committee in view of the above difficulties suggest that:

- (i) All consignments of re-rollable, and melting scrap allotted to the re-rollers/ electric furnace owners intended to be booked by rail should be certified by the Iron and Steel Controller on the basis of which the lower rate of freight should be admissible as was being done till 1943;
- (ii) The railway authorities in consultation with the Iron and Steel Controller should determine the categories of scrap enumerated in the Iron and Steel Controller's Scrap Price Schedule which should qualify for the lower rate of freight. Then on consignors' declaration that the consignments belong to the particular item of the scrap price schedule, the railway authorities at the despatching and after satisfying themselves about the category of the scrap concerned should specifically mention the categories of scrap in railway receipt and the railway authorities at receiving stations should

not be permitted to dispute the category and thus claim under-charges therefor;

- (iii) The railway authorities in consultation with the Iron and Steel Controller should determine the items of scrap priced within certain prescribed financial limits which should qualify for lower rate of freight. The Committee in this connection would point out that the proposal of the Iron and Steel Controller to fix the financial limit of Rs. 240/- per ton is fairly reasonable as it is expected to cover all re-rolling and melting scrap;
- (iv) In order to encourage movement of melting scrap accumulated in up-country towards places where melting scrap furnaces are situated, there should be a very special low class freight rate. The freight rate to be applicable for steel turnings and borings scrap should be still lower as price of this scrap is only Rs. 15/- per ton and also by nature this material cannot be loaded to capacity in a wagon, with the result that under-charges of freight have to be paid. As for example, at present the freight of turnings and borings from Dohad to Bombay is Rs. 17/- per ton which in itself is very high. But actually it comes to about Rs. 25/- as hardly 15 tons are loaded in a wagon of 22 tons capacity.

The Committee would now point out the difficulty experienced by the Machine Tool Manufacturing Industry. According to the Government Tariff, machine tools are classified under class IV for the purpose of charging railway freight whereas electric motors are classified in class V on the basis that they are electrical goods. The freight rates for the goods classified in class V are higher than those classified in class IV. If electric motors are booked in the same package along with machine tools the entire contents of the package are treated as electrical goods and charged at class V rates for the whole package. The value and the weight for the electric motor is only a fraction of the value and weight of the machine tool. The incidence of the freight, therefore, on the consignment of Machine tool when packed with electric motor is considerable. The industry, therefore, to avoid payment of such substantially high freight rate started booking of machine tools and motor separately. But the consignments often reached the consignees at long intervals with the result that the working of the machine tool had to be delayed.

In view of the above facts the only way out that suggests to the Committee for eliminating the unnecessary payment of higher freight rate by the industry is to bring the electric motors under class IV for the purpose of being charged freight rate instead of its present classification under class V.

In short, the problem is that the outlook of the railways has to change: the consideration in future should not be how a certain policy will affect railway budgets but how it will help existing industries and promote further industrialization; the industrial giant, when once on the move, will carry with ease many a budget deficit.

## ANNEXURE

*Proposed Classifications so far as non-ferrous metal items are concerned.*

Article	Packing	Existing general classification.	Suggested classification		Remarks
		R. R. O. R.	R. R. O. R.		
1	2	3	4	5	
1. Aluminium Scrap	P/1 or P/30	7	3		Should include Aero Scrap.
2. Antimony	P/22	12	4		Should include regulus ingots, blocks, slabs etc.
3. Antimony Ore or Antimony Sulphide	P/30	12	3		It is also sometimes described as Stibnite.
4. Bellmetal (Kansa) ingots, or slabs	Loose	8	4		It is copper base alloy and should be deemed under the same class as the allied group under "gunmetal" which is also a copper base alloy.
5. Bellmetal (Kansa) Scrap	P/1 or P/30	7	3		
6. Bellmetal (Kansa) Wire	P/22	13 12	No Change		
7. Brass Foil	P/22	13	No Change		
8. Brass Ingots or Slabs		4	No Change		This should include Gilding metal, Nickel Brass, Muntz Metal, Naval Brass, High Tensile Brass, Brazing Brass, Brazing Metals etc., in ingot or granule form.
9. Brass Scrap	P/1 or P/30	3	No Change		This should include Brass Turnings, Borings, Sweeps, Swarfs, dust as also mixed Brass, Scrap i.e. mixed with white metal or other metal scrap & vice versa.
10. Brass Sheets or rods Includes Brass bars, Brass circles, Brass strips, Yellow metal sheets or plates	P/1	5	No Change		
11. Brassware as under: Brass Jingles, Brassware. NOC, Brassware tin-nickelled Brasswire, Yellow Metal Ware.	P/22	9 8	No Change		
12. Bronze Ingots or Slabs	Loose	8	4		These are copper base alloys to be treated on the same category as "gunmetal" ingots. All commercial descriptions such as Phos. Bronze, Lead Bronze, Manganese Bronze, Silicon Bronze are to be included under this category and not charges as 'NOC' class.
13. Bronze Scrap	P/30	7	3		This should include borings, turnings, drillings as also mixed metal scrap such as Bronze Scrap mixed with Whitmetal vice versa.
14. Bronze Bars	Loose	9	No Change		
15. Bronze Ware	P/22	13 12	No Change		

## ANNEXURE (Contd.)

Article	Packing	Existing general classification	Suggested classification	Remarks.
		R R. O. R.	R. R. O. R.	
1	2	3	4	5
16. Bronze Castings	P/22	Not classified	5	Castings either machined or unmachined which are components for loco carriage & wagons as also spare parts for plant machinery in Industries.
17. Cadmium Ingots, Bars or Sticks	P/22	No classification now.	8	
18. Cadmium Balls, Anodes	P/22	No classification now.	9	
19. Cadmium Sulphide	P/30	14	3	If it is not in its pure state but in the form of ore meant for recovery of metallic content.
20. Copper Ingots and Slabs	Loose	4	No Change	This should include copper unwrought ingots, blooms, slabs, cake, tiles, blocks, bricks, billets, cathodes blister, bars, (Electrolytic wire bars).
21. Copper Scrap	P/1 or P/30	3	No Change	This should include wire scrap, sheet scrap, strip scrap, rod scrap, pipe scrap etc.
22. Copper Ore	P/30	3	1	
23. Copper Sheets, Rods, Bars, Circles	P/1	5	No Change	
24. Copper Ware	P/22	9 8	No Change	
25. Copper Wire	P/1	11 9		No comments
26. F. Sheets (Nickel)	P/22	At present there is no classification.	8	This is a raw material for alloying industry same as nickel shots or nickel pellets etc.
27. Gunmetal Ingots sheets or slabs	Loose	4	No Change	Bell metal and all bronzes are to be treated alike.
28. Gunmetal Scrap	P/1 or P/30	3	No Change	Should include borings, turnings, drillings as also mixed metal scrap i.e. gunmetal scrap or borings mixed with white metal or borings and vice versa, as the quality is rendered inferior by admixture and have no other use except for remelting.
29. Gunmetal Castings, Cast Rods, Tubes & Pipes	P/22	No classification now.	5	These are semi-manufactures and/or components for Loco, carriage and wagons and other machinery.
30. Lead Pig	Loose	3	No Change	Lead ingots, and slabs also should be included. (General rule 48 as applied to rail transport of lead should be dropped) Lead Pig or Ingots, Slabs or Sheets by itself cannot

## ANNEXURE (Contd.)

Article	Packing	Existing general classification	Suggested classification	Remarks
		R. R. O. R.	R. R. O. R.	
1	2	3	4	5
				have any other purpose other than industrial. It is correct to classify as military stores only when it is manufactured to defence specification such as Lead Shots.
31. Lead Scrap	P/1 or P/30	3	No Change	
32. Lead Ore	P/30	3	Lower classification.	This will include type metals, printing metals, lino metals, mono metals, stereo metals, slug metals etc. containing 50% or more of lead. The lead content should be declared in the F/Note. Penalty for misdeclaration.
33. Lead base alloys	P/7 or P/22	No classification now.	4	
34. Metals NOC. (i.e. not otherwise classified)		12	No Change	
35. Magnesium	Loose	No classification.	8	It is used as a flux and also as raw material for light alloy industry.
36. Manganese	Loose	14	8	
37. Nickel	P/22	14	8	This should include Pellets, shots, cutup cathodes, ingots etc.
38. Nickel-Copper-Zinc Alloy	Loose	14	4	Same reasons as for Bell Metal and Bronze above holds good here. This should also include nickel silver, German silver, Ever silver etc.
39. Nickel Copper Zinc Alloy Scrap	P/1 or P/30	11	3	Analogous to all other Non-ferrous scrap which have only re-melting value and prices are also more or less equal to brass.
40. Phos. Copper	P/7	14	4	This should be treated as copper base alloy.
41. Phos. Tin	P/7	No classification now.	6	This should be treated as Tin base alloy.
42. Silicon	P/7	No classification now.	4	This is an essential raw material for the alloying industry like copper, zinc etc.
43. Solder (including tin/lead alloy)	P/7 or P/22		6	This is an alloy of tin and lead and classification should be somewhere midway between tin and lead.
44. Tin Ingots, Blocks	Loose	12	No Change	
45. Tin Foils	P/22	13	No Change	
46. Tin base alloys	P/7 or P/22	No classification now.		This should include tin solder, high grade whitemetal, Babbit Metals, Bearing Metals, Antifriction Metals, containing 51% or more of tin. N.B. The tin content should be declared while submitting forwarding note. Penalty for mis-declaration.
47. Tin Dress	P/5	No classification now.	3	

## ANNEXURE (Contd.)

Article	Existing	Existing general classification		Suggested classification		Remarks
		R. R.	O. R.	R. R.	O. R.	
1	2	3		4		5
48. Zinc Ingots or Slabs	Loose	4		No Change		
49. Zinc Ore including Zinc blende	P/30	3		Lower classification.		
50. Zinc Scrap	P/1 or P/30	3		No Change		
51. Zinc sheets, Rods, Plates	P/1	5		No Change		
52. Zinc Foils	P/22	13		No Change		
53. Zinc Dust	P/5	14		9		
54. Zinc Granules	P/24	No classification now.		8		
55. Zinc Ware	P/1	9	8	No Change		
56. Slag	P/30	1		No Change		This should include any Nonferrous Foundry Slag, Residues, Splashes, Dress, sieved dust, Foundry ashes etc.



Hindusthan-Pilkington Glass Works, Ltd.,

Calcutta.

## GENERAL

Separate replies to individual questions appeared to be rather inconvenient for us since this would lead to frequent repetitions of the facts and data which we wish to present, and, therefore, we have adopted the alternative course of answering questions in the form of a memorandum which, we think, will facilitate an easy and correct appraisal of the various problems concerning railway freight affecting the Sheet Glass Industry.

In judging the merits of our case, certain background facts of special significance to the industry have to be borne in mind and we would particularly draw the attention of the Committee to the same as follows:

(i) It is essentially a post-war industry.

(ii) All the three principal manufacturing units out of a total number of four have been established in a limited zone in Eastern India in consideration of important locational advantages. Consequently, railway freight has been playing a very important part in the matter

of supplying the products of the factories to the far-flung markets in Northern, Southern and Western India.

(iii) In the matter of raw materials also railway freight plays a significant role in view of the fact that the present known sources of some of the raw materials are situated at considerable distances from the factories.

(iv) In recognition of the importance of sheet glass as a building material and excellent potentialities of indigenous production, manufacture of sheet glass has been granted protection by the Government of India and the present installed capacity is well able to meet the entire requirements of the country. The development of the Industry has brought about considerable saving of foreign exchange, as the country's requirements were previously met exclusively from imports.

Against such a background the Industry can claim radical changes in the existing



freight structure applicable in its case, which, obviously, did not take into account the latest developments, and which is found despite the revision of 1948 on a telescopic basis, to fall far short of its requirements. The present freight rates were fixed prior to the development of the Industry which marked a significant phase in 1954 and, therefore, the special needs of the indigenous factories were then not in the picture. A revision made in 1953 which abolished the uniform rate on the sheet glass and stepped up the rate for sheet glass of 3/16" and above to class 9RR, has indeed proved to be a serious retrograde step, as thick sheet glass upto 48 oz. per sq. ft. and of quality even superior to any imported thick sheet glass is being produced in our factory which if given proper freight facilities can meet the entire requirements of the country in respect of thick sheet glass. In view of the fact that sheet glass now occupies an important position among protected industries, being engaged in the manufacture of an essential building material, which is calculated to play a role of ever increasing importance in the country's development under the Five Year Plan, a substantial reduction in the freight rates pertaining to its raw materials as well as finished products is imperative for enabling this industry to attain stability as much as for the realisation of its full potentialities. Sheet glass, as is well-known, is a comparatively low priced building material with good prospects of increasing popularity with users of limited means, and the necessary freight concessions will not only make the indigenous product available in all parts of the country at moderate prices but would also help progressive extension of the market to ensure optimum economic production of the factories, which, in fact, the protective tariff has in view. The two-fold concessions required are—(1) the grant of special station-to-station rates in respect of raw materials and (2) reduction in the freight of finished products in the manner outlined in detail in the enclosed memorandum.

We maintain that while fixing railway freights for an essential and infant industry like ours, the guiding principle should be based on "what the traffic can bear", and the freight policy should be framed in such a manner as to encourage the healthy growth of the industry to ensure lasting benefits to the country.

We hope your Committee will give due and sympathetic considerations to our demands and make suitable recommendations for removal of the hardships with which we are faced owing to the present unfavourable railway freight policy.

#### PART-I A.

*Effect on the Glass Industry of the introduction of the revised general classification of goods in 1948.*

Q: 1. The introduction in 1948 of the telescopic standard rates on the continuous mileage has not had the expected salutary effect on the indigenous sheet glass industry which may be said to be still in the developmental stage, following the establishment of certain factories on modern lines only in the recent past. The necessary fillip for the development of the industry was provided by Government after the last war by the grant of the protective duty on sheet glass

and the subsequent growth of the industry can be judged from the following figures of indigenous production and imports into the country:—

#### INDIGENOUS PRODUCTION

(in million sq. ft.)

1952	1953	1954	1955
9.05	22.7	33.0	50.0 (expected)

#### VALUE OF IMPORTS

(In lacs of rupees)

1951-52	1952-53	1953-54	1954-55
103.74	57.25	68.32	51.54

Prior to the establishment of a number of modern plants including Hindusthan-Pilkington Glass works at Asansol (in 1954), almost the entire requirements of sheet glass of this country were met by imports from abroad and, therefore, the revision in the freight structure effected by the Railways in 1948 was done in the light of the then prevailing conditions in the sheet glass trade which involved transport of the imported sheet glass in comparatively small lots from the ports to the hinterland; but today with the establishment of a well-developed industry the situation has entirely changed and, therefore, the rates, which were introduced as early as in 1948 and are still current fail to meet the special needs of the newly developed industry. Today when the industry is adequately equipped with a total installed capacity of nearly 100 million sq. ft. per annum and is able to meet the entire demand of the country and will before long have a surplus for export to the foreign markets and earn valuable foreign exchange for the country, it finds itself seriously handicapped by high rates of railway freights in respect of its raw materials as well as its finished product which seriously affect its cost of production and the marketability of its products.

Since the production of a ton of sheet glass necessitates the use of nearly 1.5 tons of high-grade coal, the location of the industry has been conditioned by the availability of an abundant supply of fuel and as a consequence all the major existing manufacturing units in the country have been established in the hearts of the coalfields in Bengal and Bihar. This regionalisation of the industry necessarily involves long haulages of the finished products in order to cater to the needs of the far-flung markets in the country. The principal raw materials also have to move over considerable distances to reach the factories and, therefore, the incidence of railway freight plays a major role in the case of this industry.

Prior to 1948, a number of special rates for glasswares were prevalent on the Indian Railways, but on the adoption of the revised general classification of goods, these special rates were discontinued and the general classification under the head "Glassware Division B" was introduced which embraced sheet glass of all varieties. Two rates were provided for the "Glassware Division B" viz., 7 RR and 5 OR. The abolition of the special rates for glasswares and the adoption of the principle of telescopic rates have rendered the haulage of short-distance traffic in sheet glass uneconomic.

where alternative road transport from the factory to the customer's door is available, and at the same time the rates for long distance traffic have continued to be prohibitive. The subsequent reclassification of sheet glass in 1953 under which sheet glass of 3/16" and above thickness have been placed under the higher category of Class 9 RR has further accentuated an already heavy freight structure and thereby put an additional burden on the industry.

Sheet glass is no longer regarded as an article of luxury and is now universally recognised as an essential building material, occupying a place next only to steel and cement. It is, therefore, expected to play a significant role in the furtherance of the extensive building programme envisaged in the Second Five Year Plan. In the circumstances it may be expected that the Railway Freight Structure Enquiry Committee will give due consideration to the special needs of the sheet glass industry and make such recommendations as would help to remove the stifling effect of the prevailing railway freight structure on the industry. The following details, we hope, will clarify the position and enable the Committee to judge the merit of our case for concessional railway freight rates:

**Q: 44. (I) Incidence of Railway Freight in respect of Raw Materials:** In the economics of sheet glass production the raw materials which have to be moved in bulk to the factories involve by far the biggest items of expenditure, being responsible for more than 50% of the cost of production. Although the industry is fortunate in being able to obtain most of its raw materials from within the country and the prices are favourable at different sources of the materials, the heavy railway freight cost entailed by the wide dispersal of raw materials of the required quality and the consequent long haulages render the ultimate cost of the raw materials at the factories prohibitively high with a resultant high cost of production of the finished product. This is one of the major factors contributing towards the high cost of Indian sheet glass and this is reinforced by the experience of our factory at Asansol, which on expert scrutiny is considered to be an ideal site for the sheet glass industry. Our contention will be found amply borne out by the following facts and figures.

**Sand:** Silica Sand is the principal raw material used in the manufacture of sheet glass and it contributes 60% of the total weight of the raw materials consumed. In order to obtain a high quality product, comparable to what was being previously imported from abroad, the sand used has to conform to rigid specifications and the only developed source of such sand in this country lies within a restricted zone adjoining Lohargarh, Bargarh and Sankargarh on the Central Railway near Allahabad. Our monthly requirement of sand is in the region of 700 tons. While the f.o.r. despatching station rate of this sand is only -/8/- to -/9/- per md., the railway freight from Lohargarh to Asansol amounts to -/10/9 per md. It would thus be seen that the railway freight involved in this instance is more than 100% of the price of the material at its source.

**Limestone and Dolomite:** Limestone and Dolomite constitute about 20% by weight

of the raw materials used in sheet glass manufacture and we require a monthly supply of approximately 60 tons of the former and 200 tons of the latter. While the f.o.r. Baraduar (South Eastern Railway) price of Dolomite is -/5/- per md. the railway freight to Asansol on the material amounts to -/9/10 per md. Similarly for Limestone the f.o.r. Jukehi (Central Railway) price is -/6/6 per md. and the railway freight to Asansol amounts to -/12/8 per md. *i.e.* 200% on the price of the material. In view of the incidence of high freight rates on these materials, special station-to-station rates have been allowed for movement of these two materials to the steel factories but no such concessions have been granted to the sheet glass industry in spite of our representation to the Railway Board, to which detailed reference is made hereafter.

**Salt cake:** Our monthly requirement of Saltcake amounts to 40 tons and the only indigenous source of the material is in Rajasthan. The f.o.r. despatching station rate for the material is approximately Rs. 3/11/- per md. and the current freight rate of Rs. 1/8/1 per md. from Marwar-Balia (N. Railway) to Asansol greatly enhances the cost of an already expensive raw material.

**Soda Ash:** By far the most expensive raw material for manufacture of sheet glass is Soda Ash. Since hitherto only light Soda Ash has been produced in the country whereas Soda Ash of the heavy quality is needed for glass manufacture, our entire requirement of Soda Ash, consisting of approximately 230 tons per month, has been met from imports. The price of the material ex. K. P. Docks, Calcutta, is at present about Rs. 13/12/- per md. It is understood that heavy Soda Ash will be shortly manufactured in the country by manufacturers in Western India and it is anticipated that as soon as adequate capacity is developed in the country, the glass industry will be required to meet its entire requirements of Soda Ash from indigenous supply. Since the Soda Ash industry is exclusively located in the coastal districts of Saurashtra, transport of Soda Ash to the sheet glass factories in Eastern India will involve haulage of the material over a distance of nearly 1400 miles. We would, therefore, request the Committee to kindly take this item also into consideration while reviewing the case of the sheet glass industry in respect of its raw materials.

**Timber for Packing Cases:** Sheet glass being an extremely fragile material packing plays a very important role in the transport of the commodity. It is, therefore, obvious that a very superior type of packing is necessary in this case. The timber which is considered to be best suited for the purpose is pine wood, which has to be brought over a considerable distance from the hills of Northern India. Our entire monthly requirements of 300 tons of planks are brought to Asansol from Jagadhri on the N. Railway and the railway freight involved amounts to Rs. 1/3/10 per md. Since there is a concessional station-to-station rate for wooden boxes, cases, etc., from Jagadhri to Howrah, we maintain there is a very strong case in favour of the sheet glass industry for grant of similar concession in freight on planks brought to factories for fabrication of packing cases.

Q: 28. *Our representation to the Railway Board for station-to-station rate:* We applied to the Railway Board in September last for introduction of concessional station-to-station rates for transport of raw materials to our Asansol factory. We were, thereafter informed by the Board that the General Managers of Northern, Eastern, South Eastern, and Central Railways had been asked to look into the matter. We have subsequently received a communication from the Northern Railway advising that they had considered the case of two of the materials *viz.*, Salt Cake and Wooden Planks which originate in their area, and they had come to the decision that since a wagon-load rate exists for each of these materials and those are comparatively cheaper than the corresponding classified rates, our request for a still lower station-to-station rate could not be acceded to. We have not yet heard anything in the matter from the other Railways. Since in the foregoing paragraphs we have demonstrated clearly how even the minimum wagon load scales of rates affect our costs of the various raw materials, we would leave it to the Committee to judge for themselves the soundness of the argument put forward by the Northern Railway, while turning down our request for introduction of concessional station-to-station rates.

We may mention in this context that the Tariff Commission during their last enquiry in 1953 on the Sheet Glass Industry, came to the finding that the costs of production of

sheet glass in this country were substantially higher than those of manufacturers abroad and in the circumstances they considered it necessary to grant protection to the indigenous industry by recommending for an enhancement of the existing protective duty and this recommendation was duly accepted and implemented by the Government of India. The major contributing factor towards this higher cost of Indian sheet glass was found to be the high cost of raw materials as a result of the incidence of high railway freight rates and this led the Tariff Commission to recommend that the railway administrations in the country should examine the possibility of granting concessional station-to-station rates for transport of materials required by the various sheet glass factories. In consideration of this recommendation the Government of India had subsequently given an assurance that requests for reduction in rates for the industry would be duly considered by the Railway Administrations concerned, but unfortunately nothing has materialised so far inspite of our aforesaid representation.

Q: 44. *II. Incidence of Railway Freight on Finished Product.* As already stated, the sheet glass industry is localised in Eastern India and consequently the finished products have to traverse great distances by rail to reach all corners of the country. During the current year gross tonnage of our finished products despatched to the various centres have been as follows:

Zone.		Gross Tonnage.	Average Mileage.
Northern India	...	2,767 tons	1,000 miles
Southern India	...	1,217 "	1,200 "
Eastern India	...	2,850 "	400 "
Western India	...	3,395 "	1,100 "
Central India	...	468 "	500 "

It would be evident from the above figures that nearly 70% of our manufactured sheet glass move, on an average, approximately 1,000 miles over the railways and it will thus be easily appreciated that the incidence of railway freight has a pronounced effect on the ultimate cost of our product at the consuming centres.

According to the current railway tariff

sheet glass has been divided into 2 categories. Those below 3/16" thickness have been put in "Glassware Division C" for which 7 RR and 5 OR rates are specified, while sheet glass of 3/16" and above thickness have been placed in "Glassware Division B" for which a single class 9 RR rate is prevalent. The effect of classification on the price of our sheet glass can be judged from the following figures:—

Item.	Price F.O.R. Asansol.	Railway freight to Delhi.			
		5 OR.	7 RR.	9 RR.	
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	
1. Case of 100 sq. ft. sheet glass of 16/18 oz. variety (gross weight approx. 2 mds.)	31 0 0	5 5 2 (17%)*	6 2 10 (20%)*	—	
2. Case of 100 sq. ft. sheet glass of 3/16 inch thickness (gross wt. approx 4 maunds.	72 0 0	—	—	14 1 8 (20%)*	

Item.	Price F. O. R. Asansol.	Railway freight to Bombay		
		5 OR.	7 RR.	9 RR.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1. As 1 above	... 30 8 0	7 7 2 (25%)*	8 9 8 (28%)*	—
2. As 2 above	... 60 0 0	—	—	19 10 4 (33%)*

Item.	Price F. O. R. Asansol.	Railway freight to Madras		
		5 OR.	7 RR.	9 RR.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1. As 1 above	... 30 8 0	7 1 8 (23%)*	8 3 0 (27%)*	—
2. As 2 above	... 60 0 0	—	—	18 12 4 (31%)*

\* Figures within brackets indicate the percentage which the railway freight bears on the price of the material.

It may be pointed out in this connection that since sheet glass is an "Excepted Article", an additional percentage charge on value of goods has to be paid in order to cover the risks fully during its carriage. In these circumstances, the provision of a railway risk rate offers no advantage whatsoever to the industry. As sheet glass is essentially a cheap commodity, the industry can ill-afford to pay a percentage charge when it finds even the higher railway risk rate to be uneconomic and as a consequence the practice followed in the trade is to consign goods at the cheaper Owners' Risk rate whenever this is available. Furthermore, since the major risk during transport of sheet glass is one of breakage and for claims arising out of breakage very rigid conditions of inspections prior to despatch and receipt of consignments are specified under the Tariff Rules, it is hardly ever possible to obtain any damages from the railway on this account and, therefore, the term "Railway Risk" in so far as it applies to sheet glass is practically a misnomer.

The revised classification adopted in 1953 under which a single class 9 RR has been specified for sheet glass of 3/16" thickness and above has imposed a further hardship on the industry and as a result the manufacture of thicker varieties of sheet glass which are very much in demand in the country has become uneconomic. It would be evident from the foregoing data that the incidence of Railway freight on the thicker variety of sheet glass amounts to as much as 31% to 33% on the price of the material and this clearly indicates that the freight rate is abnormally high.

Q: 9 & 10. Another glaring instance of the absolute irrationality of the present classification of sheet glass would be evident from the fact that plate glass, an exclusively imported commodity, whose price is about 2 to 3 times more than that of sheet glass has now been put in the same category as sheet glass for purposes of railway freight. Mirrors of certain dimensions, ribbed glass and wired glass which too are much more

expensive than sheet glass have also been placed in "Glassware Division C" with the same railway freight as is applicable to the latter. We have further to point out that various hollow glassware, viz., chimneys, globes, carboys, jars and tumblers have been grouped along with sheet glass in "Division C". While, weight for weight, the former items are more expensive than sheet glass, they also occupy far greater amount of wagon space. Sheet glass on the other hand can be loaded into a wagon almost up to its carrying capacity. Our experience has shown that on an average 450 mds. of sheet glass can be loaded into a standard Broad Gauge wagon, and at times even more than 500 mds. have been loaded into a wagon. This obviously justifies the introduction of a cheap wagon load rate for the commodity.

In the circumstances stated above, we maintain that the present classification of sheet glass has been done in total disregard of the latest stage of development and special requirements of the industry which with proper encouragement and facilities from Government is now in a position to cater for the entire needs of the country. We, therefore, urge the Committee to make the following recommendations with a view to removing the hardships which the prevailing unbalanced rates of railway freight have imposed on the sheet glass industry as well as the consumers:—

1. Introduction of concessional station-to-station rates in respect of raw materials.
2. Abolition of a separate higher class rate for sheet glass of 3/16" and above and introduction of a uniform class of rate for all categories of sheet glass as existed prior to 1953.
3. Lowering of the present classification of sheet glass from "Glassware Division C" (5 OR and 7 RR).
4. Introduction of a cheap wagon load rate for sheet glass.

PART I-B.  
ANNEXURE V.

Q: 1. For production of 1,000 tons of sheet glass approximately the following quantities of raw materials and fuel are required:—

Sand	...	700 tons
Soda Ash	...	230 tons
Salt Cake	...	40 tons
Limestone	...	60 tons
Dolomite	...	200 tons
Felspar	...	30 tons
Coal	...	1400 tons
Fuel Oil	...	8 tons

Q: 2. During 1955 our total production sheet glass amounted to approx. 17,000,000 sq. ft. or 9,000 tons.

Q: 3. This has been dealt with fully in our Memorandum.

Q: 4. *Raw Materials*

Sand	...	450 miles
Soda Ash	...	135 miles
Limestone	...	500 miles
Dolomite	...	400 miles
Salt Cake	...	1000 miles
Felspar	...	135 miles
Planks	...	950 miles

*Finished Product*

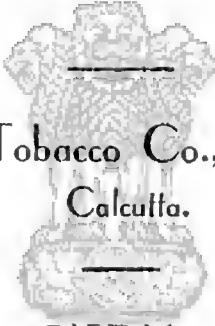
Shortest Distance ... 200 miles  
Longest Distance ... 1500 miles

Q: 5. All raw materials are brought to the factory by rail excepting coal (1400 tons per month) which comes by road from collieries within 10 miles.

Q: 6. About 20% of the finished product is despatched to Calcutta by road, while the remaining 80% is sent to different destinations by rail. The transport of sheet glass to Calcutta by road is rendered cheaper as this method of transport avoids double handling and road transport charges from the railway yard at Calcutta to the customers' godowns.

Q: 7. (a & b) This has been given in our Memorandum.

Q: 8.	200—300 miles	170 tons
	300—400 miles	187 tons
	400—500 miles	255 tons
	500—600 miles	170 tons
	600—700 miles	204 tons
	700—800 miles	2227 tons
	800—900 miles	153 tons
	900—1000 miles	136 tons
	1000—1200 miles	4148 tons
	1200—1500 miles	612 tons
	1500 and above miles	136 tons

  
The Imperial Tobacco Co., of India Ltd.,  
Calcutta.

PART I-A.

Q: 10. The existing classification of goods, which was introduced in 1948, is unsatisfactory for the following reasons:—

(a) In the case of both cigarettes and unmanufactured tobacco (country) the same class is now applicable for both wagon loads and for "smalls" whereas the previous classification allowed for lower class rates for wagon load traffic. A reduced rate would encourage wagon load traffic.

(b) Senders should have the previous option of sending at Railway Risk or Owners' Risk.

(c) There is only one class for cigarettes i.e. 12th class. The prices and quality of cigarettes vary considerably and it is desirable that there should be separate classes for:—

(1) High grade cigarettes, and

(2) Low grade cigarettes,

similar to the present classification for cotton and silk piece goods.

(d) There is insufficient difference in the rating of raw materials compared with the finished product, e.g. cigarettes are classified under 12th class, and unmanufactured tobacco (country)

under 9th class. It is desirable that there should be greater distinction between raw materials and the manufactured articles, e.g. out of 15 classes, as at present, raw materials, including unmanufactured tobacco, should not be rated higher than 8th class.

Any adjustment of rates can be made within the existing framework and it is unnecessary to increase the number of classes.

Q: 11. See answer 10 (a).

Q: 14. It is agreed that the existing minimum weight of 7 seers for a "smalls" consignment results in duplication of services by goods and parcels trains.

We recommend raising the minimum to 20 seers, subject to adequate arrangements being made to cope with general merchandise which will be diverted to parcels trains.

Q: 15. We support the proposal that all "smalls" traffic up to a maximum weight per consignment be placed in one class. We suggest a maximum weight of 10 maunds per consignment. The class rate should not exceed class 8.

Q: 16. (i & iii) Minimum weights for wagon loads for various commodities are already based on the carrying capacity of



wagons, and an increase in the minimum weight condition is not desirable.

(ii) There should be a distinct difference in the rates for wagon load consignments as compared with "smalls", and the wagon load rate must be made more attractive. We do not favour the proposal to accept the present class rates for wagon loads only. On the contrary we suggest that existing class rates be accepted for "smalls" and wagon load rates should be 2 classes lower, as generally existed in the classification of goods before the revision in 1948.

(iii) More favourable rates for quantities loaded in excess of the minimum weight condition will go a long way towards ensuring maximum utilisation of transportation capacity.

It is also suggested that consignors who cannot make up wagon load despatches should be encouraged to tender at least half-wagon load consignment, instead of several "smalls" consignments, by having different rates available for:—

- (a) a wagon load consignment,
- (b) a half wagon load consignment, but less than wagon load, and
- (c) "smalls".

Q: 16. (A) Under the present system of schedules of minimum weight conditions for each gauge covering a number of commodities, unless the scheduled minimum weight is loaded in a wagon the consignment is not treated as a wagon load and thus does not benefit from wagon load rates. The following difficulties arise from this system:—

- (1) The permissible wagon carrying capacity in weight varies for different types of wagons, e. g. 4-wheeled metre gauge wagons vary from 7 to 18 tons carrying capacity according to the type of wagon. If the weight carrying capacity of a wagon is less than the scheduled minimum weight condition of the commodity concerned, then the consignment does not receive the benefit of a wagon load rate even though the wagon is loaded to its maximum weight capacity.
- (2) The existing minimum weight conditions are not related to the volume of the commodities concerned and owing to the bulky nature of certain commodities (e. g. Waste Paper), it is frequently not possible to load sufficient quantity in a wagon to satisfy the minimum weight condition.
- (3) Wagons of the same weight carrying capacity often have different cubic capacities.
- (4) The minimum weight conditions of different gauges have not been fixed equitably in certain cases, e. g. where the minimum weight condition is the same on two different gauges though the weight carrying capacity of the wagons is different.

Our recommendation is therefore that a consignment should be treated as a wagon load provided the wagons fully loaded according to either the carrying capacity in weight or the cubic capacity of the wagon,

with the proviso that all goods must be properly packed in accordance with the packing conditions notified by Indian Railway Conference Association. If this recommendation is accepted it will eliminate the necessity of quoting separate minimum weight conditions for individual commodities and for different gauges.

Q: 17. We strongly recommend the proposal to have "train load rates" for transportation of domestic unmanufactured leaf tobacco from Andhra State both for domestic use and for export. This will benefit the trade by reducing the cost of transport, and will be particularly helpful for export trade so that prices can be keenly competitive with other countries.

Q: 18. A small additional charge for special express goods services will be acceptable, but the Railways should:—

- (a) ensure that express service is given; and
- (b) post special escorts on such trains, and accept liability for any loss due to "running train thefts".

Q: 21. (a) Alternative means of transport are not sufficiently organised, and in any case it is undesirable that the Railways should cease to accept "short distance" traffic as this would mean the trader is open to exploitation.

(b) Freight rates on short distance traffic may be adjusted to make the traffic more remunerative, but not so as to force the traffic over the alternative means of transport.

(c) Rail freight rates should not be adjusted solely with the object of forcing traders to use coastal shipping. Coastal shipping must find ways and means of competing with other means of transport.

Q: 29. In order to assist in the regular flow of travel, the Railways had introduced a number of station-to-station rates, which were favourable to the trader. In 1948, the station-to-station rates were withdrawn and traders had to pay standard class rates unless the commodity came within the list enjoying standard telescopic wagon load rates. The tobacco industry, particularly for cigarettes, unmanufactured tobacco, and pulpboard (not otherwise classified), should have been included in this list of commodities. It is therefore considered that either station-to-station rates or telescopic wagon load rates, should be introduced for these commodities.

(N. B. Telescopic wagon load rates are special rates in which the charge decreases in inverse proportion to the distance covered).

Q: 31. In addition to the economics of transportation and the needs of railway finance, the railway freight rate policy should consider special reduced rates for export goods so that the prices of such goods may be more competitive.

Q: 46. In the last few years extensive shipments of rice have taken place by rail from the delta areas of Godavari and Krishna in Andhra State, which movements are of high priority. It is understood that cement

from two factories located in the tobacco growing areas of Andhra State also claim a high priority. As a result insufficient

wagons have been allotted for shipment of unmanufactured leaf tobacco from those areas.

## PART I-B

### ANNEXURE V

The following answers concern this organisation :—

Q: 1. The weights of principal raw materials and coal required to produce 1 million cigarettes in packets (approximately 60 maunds weight inclusive of packing case) are:—

Unmanufactured Leaf Tobacco	... 30 maunds.
Cigarette Paper	... 1 ..

Aluminium Foil	... 1 maund.
Board	... 13 ..
Viscoss Film (Transparent Paper)	... 1 ..
Waterproof Wrapping Materials	... 2 ..
Nails & other hardware	... ½ ..
Timber (as cases or planks)	... 13½ ..
Coal	... 34 ..

Q: 2. The total production of finished goods was as follows :—

Period	Cigarettes (in millions)	Smoking Tobacco
1—4—1938 to 31—3—1939	7119.9	107351 lbs.
1—4—1947 to 31—3—1948	16070.7	245435 ..
1—4—1952 to 31—3—1953	10635.0	302573 ..
1—4—1953 to 31—3—1954	11740.1	283048 ..
1—4—1954 to 31—3—1955	12856.3	292980 ..

Q: 3. The effect of revision of the freight structure in 1948 to this organisation has been an overall increase in the total freight paid. There has been no change in the

volume of freight despatched by rail nor in the distance of haul.

Q: 4. The average longest and shortest distances for haul by rail are :—

		In Miles		
		Average	Longest	Shortest
<b>Raw Materials :</b>				
Unmanufactured Leaf Tobacco	...	Please see reply to question 5, Annexure VIII.		
Cigarette Paper	...	730	1238	222
Aluminium Foil	...	730	1238	222
Board	...	848	1474	222
Viscose Film (Transparent Paper)	...	834	1446	222
Waterproof Wrapping materials	...	730	1238	222
Timber (as cases or planks)	...	474	591	356
Coal	...	728	1298	158
<b>Finished Products :</b>				
Cigarettes	...	544	994	94
Manufactured tobacco	...	368	616	121

Q: 5. The proportions of raw materials received by rail and road are :—

	By Rail	By Road (in lorries)
Cigarette paper	... 90%	10%
Aluminium Foil	... 90%	10%
Board	... 100%	—
Viscose Film (Transparent Paper)	... 80%	20%
Waterproof Wrapping materials	... 80%	20%
Nails and other hardware.	... 90%	10%
Tinplate and taggerplate.	100%	—
Adhesives	80%	20%
Timber (as cases or planks).	30%	55%
	(plus 15% by river)	

	By Rail	By Road (in lorries)
Coal	100%	
Unmanufactured Leaf Tobacco.	{ Please see reply to question 3, Annexure VIII.	

Q: 6. The proportions of despatches of finished products are :—

Rail	... 62%
Road	... 25%
River	... 12%
Coastal Steamer	... 1%

Q: 7 (a). The average prices of principal raw materials are :—

		Average Price Per Ton					
		1938—39		1947—48		1954—55	
		Rs. a. p.		Rs. a. p.		Rs. a. p.	
Unmanufactured Leaf Tobacco	...	898 0 0		2499 0 0		3236 0 0	
(These prices are exclusive of Tobacco Excise Duty).							
Cigarette Paper	...	2100 0 0		4400 0 0		5900 0 0	
Aluminium Foil	...	3160 0 0		11760 0 0		12100 0 0	
Board	...	260 0 0		1300 0 0		1700 0 0	
Viscose Film (Double-kraft, lines, bitumen waterproof paper).		410 0 0		1365 0 6		1470 0 0	

## ANNEXURE VIII

Q: 1. The following information regarding tobacco crops has been supplied by the the Secretary, Indian Central Tobacco Committee, Madras:—

a) *Composite Madras State*

Year.	Estimated Virginia (lbs).	Production Natu. (lbs).
1938—39	55,995,520	72,590,480
1947—48	86,500,000	152,695,200
1952—53	86,952,000	131,040,000

b) *Andhra State*

	Virginia (lbs).	Natu (lbs).
1953—54	127,680,000	120,960,000
1954—55	116,480,000	96,320,000

Q: 2. The revision of the Freight Rate Structure in 1948 and 1953 has reduced the difference between road and rail transport rates. This has increased the competitive power of road transport against rail transport.

Q: 3. Owing to inadequate and irregular supply of wagons, a proportion of the crop of unmanufactured leaf tobacco is not moving by rail and we have had to resort to road, canal and coastal steamer trans-

port. The percentages during 1955 are as follows:—

(1) 26% has been despatched by road in lorries,

(2) 5% has been shipped by coastal steamer,

(3) 2% has been shipped by canal.

Use of these alternative means of transport has increased the cost of the unmanufactured leaf tobacco through increase freight, double handling (resulting in damage to the tobacco and in increased handling costs), and damage from weather and water.

Q: 5. The following are the figures for despatches of unmanufactured leaf tobacco by rail from the Bezwada Railway District during 1955:

Miles	lbs.
1 to 50	2,446,000
101 to 200	6,878,000
201 to 300	19,788,000
401 to 500	2,294,000
701 to 800	9,465,000
901 to 1,000	3,282,000
1,001 to 1,200	7,491,000

The other distances mentioned in the question are not applicable to us.

## PART II.

Q: 15. The fibreboard or corrugated container for the shipment of goods by rail has been extensively adopted in a large number of countries but no progress has been made in India as the Railway Administration has declined to accept fibreboard containers for transport at railway risk. The fibreboard container, if extensively adopted, would assist in solving the present shortage of timber by replacing the wooden packing case and it is strongly recommended that fibreboard containers be accepted for carriage at railway risk.

Q: 17. We are not aware of any scheme to provide warehousing facilities at railway stations for the storage of goods prior to despatch or at the destination, but the suggestion is approved. The Railway Administration might lease plots to co-operative bodies or business organisations inside

railway premises, giving the lessees permission to construct warehouses for hire to railway users, provided the Railway Administration controls the rent chargeable by the warehouse owners.

Q: 18. Provided there is no increase in freight rates, the liability of the Railway Administration should be so increased as to make that Administration responsible for loss, destruction or deterioration arising from any cause whatever of goods entrusted to it for carriage. It is also suggested that in the event of such enlargement of liability (a) there should be some provision in the law to the effect that the Railway Receipt should record not only the weight of the goods but also the apparent order and condition of the packages and (b) that the Railway Receipt should be accepted in law as prima facie evidence of these additional de-

tails also. If the law cannot be changed on the lines indicated above without an increase in existing freight rates, we would be in favour of the continuance of the present provisions in the law governing liability of the Railway Administration for loss of or damage to goods delivered to it for carriage.

Q: 19. The majority of claims made against the Railway Administration by this Company arise from thefts and pilferages. The following measures are suggested for consideration:

1. Security arrangements should be improved, particularly at transshipment points.
2. The Watch and Ward Staff should be sufficiently experienced to be capable of improving periodical checks.
3. Adequate guards should be posted on goods trains.
4. Zonal Committees for each State should be appointed with business and other public representatives to advise the Railway Administration on local remedial measures.
5. Special measures should be taken to ensure that transhipped goods are onward despatched as soon as possible.

6. Investigation squads should be appointed to make enquiries into abnormal delays in transit of consignments and recommend effective remedial measures.

7. Investigation should be made to ascertain the places where thefts most frequently occur, so that remedial measures may be concentrated in these places.

Q: 21. In spite of a certain improvement recently, most claims against the Railway Administration are considerably delayed due to the method used in making enquiries concerning the damage or shortage, in order to assess the responsibility. The present practice of sending a Claims Inspector from the Railway Headquarters to the station concerned in the claims, has not proved satisfactory. Lengthy correspondence between the Railway Headquarters, the Station Master at the station concerned and the claimant, and the consequent delay, would remove if one or more senior Claims Officers were appointed for each region to whom all claims could be forwarded for immediate enquiry, assessment and issue of a certificate to the claimant, which certificate would be presented by the claimant at the Railway Headquarters and payment received at once.

## Indian Chemical Manufacturers' Association,

Calcutta.

GENERAL

The membership of this Association includes manufacturers of alkalis; acids and fertilisers; disinfectants and insecticides and distillation products; pharmaceuticals and fine chemicals; as also miscellaneous products such as industrial gases, dyes, textile auxiliaries etc. The industry has to be transporting regularly huge quantities of raw materials like coal, salt, limestone, sulphur, iron pyrites, gypsum, bauxite, sodium sulphate, rectified spirit, alcohol, benzene, toluene, etc., to its factory sites and has to distribute in various parts of the country, its manufactured products. It may be remarked, even here, that a considerable portion of the production of different items is consumed within the industry itself, which means that many of its products are raw materials for manufacture of other products. Finished materials such as acids, alkalis and other industrial chemicals are required to be moved over considerable distances for marketing. The distances in the country are vast and it has been generally the experience of the industry that if freight rates are disproportionate to the cost of production of the manufactured item, they raise the cost of the manufactured product to the ultimate consumer. It has also been felt that the classification of commodities, despite the best of intentions, has not always been unexceptionable and

the low cost items and others which are high cost ones are often placed in the same class. Besides this, there is need for station-to-station rates, particularly because the 'level' of class rates and the 'class' of commodities have both been up-graded with effect from 1st October, 1948.

2. *Effects of the revision of freight Structure made in 1948:* The aim of the revision of the freight structure made in 1948 was sound as it was intended to rationalise the structure and to enable traffic to be quoted on a continuous mileage basis. With the adoption of the telescopic basis in rating, the incidence of freight rates on traffic was expected to decline progressively with increase in distance. This was assuredly intended to give considerable benefit to industry against the previous back-ground of rating which fixed class rates on a flat basis, adjusted frequently by the discretion of individual Railway administrations between a minimum and a maximum point. However, along with this step, the Railways withdrew all schedule rates and most station-to-station rates. Station-to-station rates are not quoted today, except if they be regarded as being necessary by Railway administrations to develop traffic. It may also be pointed out that the telescopic basis in rating was adopted towards the end of 1948 when commodity

prices were at a high level. The effort, therefore, that was made to relate the per mile rate for carriage of goods to the general index of commodity prices then prevalent, naturally fixed the rates at a level which, in the aftermath of events the Association feel, cannot be said to have been related to conditions over a long period. The increase in railway freights for commodities, it has been calculated, ranged from a fifty to a hundred per cent. in general over similar rates in force until then and often, such increases reached a two-hundred or three-hundred per cent. It is obvious that rates which exist over a long period of time draw around them several inter-related trade and industrial interests and any sudden interference with them will, therefore, be some shock to trade and industry. Another disadvantage of the 1948 revisions to the country's freight structure was that short distance traffic came to be burdensome. The number of class rates and the number of wagon-load rates are not considered sufficient to the requirements of our traffic. Actually, there are many commodities for which the Railways could quote wagon-load rates with considerable advantage to themselves, because such rates will develop traffic and result in conservation of wagon space. Only a sufficiency of wagon-load rates can make up for the hundreds of schedule rates and several station-to-station rates which were abolished with effect from 1st October, 1948.

A serious deficiency of the revised freight structure is in the classification of commodities itself. The idea of classifying commodities on their fundamental transportation characteristics was absolutely correct as transportation characteristics and transportation conditions are of prime importance in the determining of class in which a commodity is to be placed. It ensures that freight charges paid by different persons, corporations and local bodies bear a reasonable relationship as among themselves and they guarantee that articles different in value are not placed in the same class. The physical characteristics of a commodity, the interests of the person who utilises the carrier service and of the carrier itself, the adjustments necessary in the case of commodities to meet market competition—these are all taken into account by classifying commodities on the basis of their transportation characteristics. In translating this idea into practice, the Railways attempt to assess a commodity in terms of its weight per cubic foot, its value per unit, its liability to loss, damage etc., in transport, the kind of packing used, its fair relation to other similar articles, the volume, movement and trade conditions, generally pertaining to the commodity. Exceptions are made to give certain commodities essential to national life a lower rate than to others which are normally falling in the same class. This principle of classification was itself correct but many deficiencies crept in while implementing the same. These are detailed by us at a subsequent stage of our representation.

Another important comment which we like to make about the present freight structure is that it is not sufficiently flexible and that there has been an unwillingness on the part of the Railways concerned to extend concessions to developing industries

where concessions involved immediate sacrifice of revenue. The Committee of the Association feel that this approach is not in the interests of the Railways themselves, as only by extending concessions in the present could industries be developed in the future and the total volume of traffic forthcoming for movement increase with resultant advantage to the carrier itself. Many 'Owner's Risk' rates have also disappeared with the introduction of the new Goods Tariff Schedule with effect from 1st October, 1948, with the result that most commodities have now to move compulsorily under higher Railway Risk rates. It has too been the experience of industry that the ordinary class rates are pitched very high in comparison with price of many commodities carried by rail.

3. *Instances of wrong Classification*: In the light of these prefatory remarks, the Committee of the Association desire to place before you certain anomalies in classification which are directly within their knowledge.

(i) *Liquid Chlorine* is at present classified at class 13 O. R./ Class 14 R. R. The empty drums in which the material is packed are in class 2 R. R. Liquid chlorine has no wagon-load rate at all. It may also be pointed out that for every maund of liquid chlorine, freight charges are to be paid for about two maunds, as the weight of cylinders in which chlorine is packed is also charged at chlorine rates. Chlorine is needed in bleaching paper and cloth, in water purification, in production of several chemicals, etc., and is an item essential to the life of the commodity. After giving due consideration to the transportation characteristics of a commodity, rating practice all over set importance by what is termed public policy. On this consideration, it is the view of the Association that liquid chlorine must be classified at a much lower rate—preferably, 4 R.R.

(ii) *Hydrochloric Acid* is in class 15 R.R. Hydrochloric acid has an ex-factory price of only Rs. 140/- to Rs. 200/- per ton, depending on the capacity of the plant for manufacture and its location. As against this, liquid chlorine has an ex-factory price varying from Rs. 300/- to Rs. 400/-, but all the same hydrochloric acid is classified higher than even liquid chlorine. Sulphuric acid, an equally dangerous substance as hydrochloric acid, is at 12 O.R./14 R.R. On the basis of the classifications mentioned, the per ton freight charge for liquid chlorine for a distance of 300 miles is Rs. 52.17 and for a distance of 600 miles Rs. 99.38. The per ton freight charge for hydrochloric acid for 280 miles would be, however, Rs. 121.10. To and fro transport charges for containers used in movement are not taken in these calculations. The cylinders used for transport weigh about 0.7 ton and as such, in moving 1 ton of material railway freight charge is paid for 1.7 tons. The natural result is that consumers get liquid chlorine and hydrochloric acid at a cost increase of 30 per cent. and 90 per cent. respectively even though they may be situated only within about 300 miles of the production source. Thus production of liquid chlorine and hydrochloric acid cannot be as much as under conditions when the consumer's demand is not choked by a price thus loaded heavily by high freight charges. For a dis-



tance of 280 miles ex-factory i.e. from Delhi to Amritsar, the present rate for hydrochloric acid works out to Rs. 139-12-2 per ton including the cost of maintaining empty drums. From Alwaye to Coimbatore, the freight charge is Rs. 84/- to Rs. 92/- per ton, which is almost equal to the value of the acid itself. Taking hydrochloric acid price ex-factory at Rs. 140/- per ton therefore, the delivered price at Amritsar would be Rs. 279-12-2 per ton! This is indeed a prohibitive incidence of freight charge on a commodity, restricting its use and consequently its production and unit cost.

(iii) There is another aspect of freight rate policy, also illustrated by this example. Sulphuric acid, which is the next item that we desire to examine, is a product which is substitutable by hydrochloric acid. For every ton of sulphuric acid, however, 2.2 tons of hydrochloric acid would be needed. On this basis, to a user at Amritsar of hydrochloric acid who wants to prefer it to sulphuric acid, he should spend Rs. 615-7-7 for 2.2 tons of hydrochloric acid against Rs. 380/- Rs. 400 per ton at which sulphuric acid sells at these places. It is a case of wrong classification affecting competitive interests in trade.

Apart from this, the classification of sulphuric acid itself is high. Sulphuric acid is classified at 12 O.R./14 R.R. Sulphuric acid is now manufactured in plants of 10 to 20 tons manufacturing capacity per day, from sulphur of U.S., Italian and Japanese origin. However, if it were to be produced from the indigenously available iron pyrites and

gypsum, it may be even cheaper. The economic size of a plant using the latter raw materials would be 50 to 200 tons per day and one such plant could produce half the country's total production of 1953-i.e., 52,037 tons. However, in the implementing of this idea, sulphuric acid from a few plants near sources of raw material would have to be hauled at cheap rates over considerable distances so that consuming industries could take it freely. The classification, therefore, of sulphuric acid shall have to be lower in the interests of developing potential traffic.

(iv) *Caustic soda* is a basic chemical needed in the manufacture of salt, paper, textile, processing, soap, mineral and vegetable oil refining, cinchona processing, etc. It is aimed to increase its production in the Second Plan period to 1,20,000 tons yearly which will be a four-fold increase. It is consumed by consumers usually in liquid form but for purposes of transportation, it is convertible to 'solid' involving a considerable amount of fuel and packing and necessitating later conversion before use. In many countries, special tank wagons move the liquid caustic soda. Tank wagon facilities for movement of caustic soda are very inadequate in our country. Apart from this, the present classification of liquid caustic soda is not conducive to its transport over the Railways. Liquid Caustic Soda is classed in class 3 O.R. while moved in tank wagons against solid caustic soda, which has a WL/B (R.R.) rate. The following table gives the actual freight rates for solid and liquid caustic soda from Mettur Dam to other consuming centres:—

				Solid : per ton	Liquid : per ton (in tank wagons inclusive of empty tank wagon haulage).
				Rs. a. p.	Rs. a. p.
Mettur Dam to Madras	...	...	...	15 5 0	48 11 0
Do. Bombay	...	...	...	40 9 0	159 4 0
Do. Sirpur	...	...	...	34 2 0	120 9 0
Do. Ballarpur	...	...	...	35 10 0	137 3 0
Do. Brajrajnagar	...	...	...	51 1 0	204 0 0

As liquid caustic soda is marketed in reduced 50 per cent. strength, it is clear that the effective freight charges payable are double those indicated in the foregoing table. In the view of the Association, liquid caustic soda should be placed in a classification where the rate payable for it would be half of that for solid caustic soda. Apart from this facility, it will require also an appropriate wagon-load rate and a special station-to-station rate as mentioned later while discussing the case for increase in the number of wagon load rates. Caustic soda is a protected industry and the Tariff Commission which went into the question of protection had itself recommended a reduction in freight charges to enable the raw materials of the industry being moved advantageously. At present, imported caustic soda can compete effectively with indigenously manufactured liquid caustic soda, on account of the disadvantage mentioned herein.

(v) *Salt* is again an important raw material of the industry, but it is classified under

three different classes—2 R.R./WL 1; 7 RR and 12 R.R. This is unfortunate. Before the freight rate structure was revised, with effect from 1-10-48, salt was classified at class 1 along with food grains. The different rates applicable to salt N.O.C. and refined salt and table salt, would not be justified on considerations of price. Salt for industrial purposes is moved in bulk and the classification of salt which goes into the manufacture of caustic soda, fertilisers, etc. should not be higher than the classification of the finished products itself. Any difference in transportation conditions between salt and its manufactured products cannot warrant an up-grading in classification of salt by 4 to 8 classes. Further, the movement of salt should be allowed in loose form, in wagon loads, as is done in other countries so that wastage from perforation of gunny packings in transport and handling will be avoided. The Salt Experts Committee appointed by the Government of India appreciated that by asking the consumer industry to pay heavy freight rate on salt, the latter item was being unduly penalised and that the task of

manufacturing the finished product at competitive rates was becoming more and more difficult. On this ground, the Committee had even advocated the extension of special station-to-station rates for the movement of salt consigned to basic industries. This has not still been agreed to. A specific instance may also, perhaps be given here which would not only bear out the high incidence of freight charges paid for the raw material, on the caustic soda industry, at the present classification of salt, but underline the need to assess carrying capacity of wagons correctly. From Kuda to Dhranghadra, a distance of 14 miles, transport expenditure on salt until 1-10-48 was Rs. 1-12-0 per ton but from January 1955, when the Western Railway raised this charge for salt, this expenditure is Rs. 2-8-9 per ton at the rate of 0-1-6 per maund—an increase of about 43 per cent. Further, by charging on the carrying capacity of a wagon which is marked 30/75 per cent. more than it could really carry, the effective rate paid on salt is Rs. 3-8-0 per ton against Rs. 1-12-0 originally. This is because the wagons supplied have differing floor areas and do not have the marked carrying capacity.

(vi) *Insecticides* are in class 3 O.R./class 4 R.R. These are used for preserving food grains, protecting plants against diseases, for public health purposes, for control of locusts, malaria etc. consideration of public policy do, therefore, warrant their being placed in the lowest class, which is class 1.

(vii) *Certain raw materials needed by the pharmaceutical industry* and also certain manufactured products of the industry as medicines provide instances of the classification being out of accord with the ability of a commodity to bear it or of the classification being anomalous on comparison with similar other items. When crude drugs and vegetable herbs have to be transported over vast distances from Kashmir, Assam, South India and Uttar Pradesh to manufacturing cen-

tres like Calcutta and Bombay, the cost of the finished products becomes very high.

From a welfare and humanitarian point of view, medicines must be classified lower than now. For instance, certain medicines are priced at Rs. 67-8-0 per case of 30 lbs. anywhere in the country but the incidence of freight charge on such a case delivered at Trivandrum is Rs. 11-8-0 per case and at Patna, Rs. 3-0-0 per case.

Drugs and medicines were originally placed in class 8, but are now in class 14, which is the highest but one class in the entire Goods Tariff Schedule. Having regard to the fact that they are consumed directly by individual users, the incidence of freight charges on these items is high and is against all considerations of social well-being. Besides the fact that short-distance haul of such items within 300 miles has become costly and that a surcharge, which even at its reduced rate is 6½ per cent, is still in force on drugs and medicines booked in 'smalls' weighing less than 20 maunds, the burden of freight charges falls heavily on them on comparison with their sale price. Most of these items are packed in 1 lb. containers and the weight of packing etc. is necessarily disproportionate to the weight of the medicines but manufacturers pay freight charges in packing at the same rate as on the medicines. The Pharmaceutical Enquiry Committee emphasised in their report that drugs and medicines should be made available at a uniform price throughout India but unless the present classification of these could be reduced at least to class 8 or class 9, it appears that incidence of freight charges on these may remain very high. At classification 8 or 9, the maximum freight charge payable by these may not exceed 6 per cent. of their cost price. The statement given below will bear out the exceedingly high freight charges now borne by several items of drugs and medicines:—

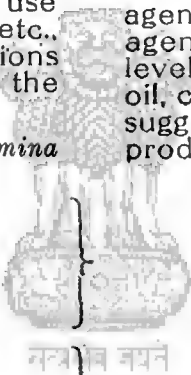
Item	Sale Price	Sale Price less average Trade Discount	Freight from Howrah to Delhi in packed condition	% of incidence of Rly. Freight on the net value (Delhi)
	Rs. a. p.	Rs. a. p.	Rs. a. p.	
Ethyl Alcohol lb. ...	10 0 0 nett	10 0 0 nett	0 5 3	3.2%
Milk of Magnesia „ ...	1 8 0	1 1 5	0 3 0	17.2%
Gripe Mixtures 4 oz. ...	1 2 0	0 13 1	0 2 0	15.4%
Distilled Water Bott. ...	0 12 0 nett	0 12 0 nett	0 2 9	22.9%
Spt. Chloroform lb. ...	6 2 0	4 4 7	0 4 3	6.1%
Spt. Ammon Aromat „ ...	3 6 0	2 5 10	0 4 3	11.2%
Acid Sulph, Diluted „ ...	1 10 0 nett	1 10 0	0 4 3	16.3%
Ext. Belladonna „ ...	25 0 0	17 8 9	0 4 3	1.5%
Liniment Teribinth „ ...	2 4 0	1 9 2	0 4 3	16.8%
Spt. Ether Nitrosi „ ...	3 8 0	2 7 2	0 4 3	10.8%
Spt Aurantii „ ...	2 4 0	1 9 2	0 4 3	16.8%
Tr. Belladonna „ ...	3 8 0	2 7 2	0 4 3	10.8%
Tr. Card Co. „ ...	4 8 0	3 2 5	0 4 3	8.4%
Tr. Hyosmus „ ...	3 12 0	2 10 0	0 4 3	10.1%
Tr. Iodine Meth „ ...	3 10 0	2 8 7	0 4 3	10.5%
Tr. Nux Vomica „ ...	2 10 0	1 13 5	0 4 3	13.6%

Apart from the necessity of a lower classification for drugs and medicines, it is to be remembered that without any obvious trace of interference with the packing, losses have been seen to occur in transit. Claims preferred for shortages are generally infructuous. The procedure for instituting claims, therefore, should be simplified and good care exercised by the Railways in respect of these items in transit.

(viii) *Rectified spirit* is a basic raw material of the pharmaceutical industry, but is charged under the highest class, which is class 15. Commercial spirits are, however, charged lower rates. For instance, for distances of 100, 400 and 700 miles, the freight charges per maund incurred by rectified spirit would be respectively Rs. 1-1-7, Rs. 4-1-0 and Rs. 6-1-7 as against similar charges for denatured spirit which are Re. 0-8-1, Rs. 1-15-9 and Rs. 3 5-9. The price of rectified spirit varies from Rs. 1-8-0 per l.p. gallon to Re. 0/10/0 per l. p. gallon, whereas industrial alcohol is about Rs. 3/- to Rs. 3/4/- per gallon. Moreover, there are varying excise duties on rectified spirit in different States which affect its price. It may also be stated that wines and cordials are placed in class 9 and class 11 respectively although they are comparable items, while kerosene, fuel oil, diesel oil and liquid fuel are in class 5 R.R. or class 3 O.R. This certainly is an anomaly and the large-scale use of rectified spirit in tinctures, extracts etc., in hospitals and various public institutions would also justify a lower rate for the item.

(ix) *Alum, Sulphate of Alumina and Alumina*

Wetting-out Agents  
Scouring & Kier Boiling Agents  
Desizing Agents  
Finishing Agents  
Levelling Agents  
Sizing Oil  
Cotton Spray Oil  
Mercerizing Agents



Class	9 R. R.	8 O. R.
Class	4 R. R.	} As suitable
Class	15 B. R.	

This classification will be in accord with the classification of other auxiliaries already

occurring in the Goods Tariff Schedule and which is:—

		Classification	
		R. R.	O. R.
Water Proofing Compound (non-inflammable)	...	9	8
Turkey Red Oil	...	4	—
Cloth Stamping Paste — ink	...	9	8
Vegetable Tallow — Tallow (non-edible veg. tallow)...	...	4	—
Sizing, finishing & printing gums (gums manufactured)	...	8	
Pickers	...	9	
Buffers	...	9	
Bobbins	...	9	
Shuttles	...	5	

We also like to stress before the Committee that Turkey Red Oil, Spray Oil, Sizing Oil, etc., should not be classified under oil as these are products different in property from oils.

4. *Wagon Load Rates And Special Rates.* Apart from the necessity of classifying items of the Goods Tariff Schedule according to their fundamental transportation character-

*Ferric* are in class 4 R.R. even as bicarbonate of soda, soda crystals, soda ash and sulphate of soda. However, soda crystals or soda ash alone among them have an alternative rate of 3 O.R. At these rates, freight charges from Howrah to Delhi work out to Rs. 82/- per ton against the price of the commodity at Delhi which is Rs. 150/- per ton. This is rather a heavy incidence of freight charge on the commodity. Until 1948, all these items were 2A/R.R. or 2 O.R. It is necessary that an alternative Owner's Risk rate is available for those items which are presently denied the facility.

(x) *Calcium Carbide* is one of the essential raw materials required for the production of industrial gases. For the acetylene industry, similarly, silica containing acetylene gas or other gases has to be moved over the Railway system and empty drums returned. Unless the movement of raw materials of the gas producing industry and containers used should be solved satisfactorily, supply of gas to remote places in the country will be retarded. As gas is extensively necessary in most industries at one stage or another, facilities for extensive and easy movement should be available.

(xi) Some of the *textile auxiliaries* have no classification in the present Goods Tariff Schedule, such as wetting-out agents, scouring and kier boiling agents, desizing agents, finishing agents, levelling agents, mercerizing agents, sizing oil, cotton spray oil, etc. The Association suggest the following classification for these products:—

ristics, there is necessity of having a greater number of wagon load rates. Such rates are usually quoted for traffic that moves in bulk, and with regularity and are lower than 'class rates' on account of the saving in operating expenses which a wagon load means to the Railways.

Competitive conditions prevailing in a market and consuming capacity of the

market are also factors which govern the quotation of such rates. When these rates are quoted for movement between two specified points, they are generally station-to-station rates. There are many commodities which are either raw materials or manufactured products of the chemical and pharmaceutical industry for which wagon load rates are not now quoted. Some instances are alum, liquid chlorine, magnesium sulphate, magnesium chloride, caustic soda liquid, bleaching powder, calcium carbide, ammonium chloride, liquid ammonia, liquid sulphur dioxide, sulphur, sulphuric acid, hydrochloric acid, nitric acid, acetic acid, phosphoric acid, alcohol, benzene, toluene, chlorinated solvents. Many of these move regularly and in bulk to distribution centres, or industrial consumers as paper factories, water pumping stations, factories producing pulp, paper, textiles, soaps etc. and should be entitled to wagon load rates easily.

Solid caustic soda similarly has a WL/B (R.R.) rate but not liquid caustic soda which has only a class III OR rate for movement in tank wagons. On 100 miles, 300 miles, 700 miles and 900 miles respectively of movement, freight charges per ton incurred by the solid material at wagon load rates are Rs. 0-5-10; 0-10-4; 1-2-9; 1-6-7; while comparable rates for the liquid soda at class III (OR) rate would be 0-10-8; 2-0-0; 4-2-0; 5-0-0. The increase in charges payable on booking by smalls is thus nearly three fold.

In regard to hydrochloric acid, it has been shown earlier that it bears a freight charge at class rate completely out of accord with its price. This has a restrictive effect on its movement. Hydrochloric acid being an effective substitute for sulphuric acid, facilities for its popular use and wide distribution will enable us to reduce our dependence on the latter item which is produced mainly from imported sulphur. Hydrochloric acid should also thus be given, a WL/B rate.

Rock phosphate, a raw material for the production of superphosphate is an item in respect of which approaches for special rate had been made by the industry. About 30,000 tons of rock phosphates are imported yearly. To a factory situated in Delhi, rock phosphate will cost about Rs. 23 per ton in freight charges in view of which the Western Railway did grant a concession, by way of a special rate of Rs. 1-2-4 per maund from Bombay to Delhi between 15-9-'53 and 14-3-'54. This helped manufacturers of superphosphates and ultimately farmers who use the phosphates. The Railway Board also, in their letter to the Association of 11-8-'52, admitted the justification for this special rate but after 14-3-'54, this rate was discontinued, all the same. The incidence of freight charges paid on rock phosphate is to the extent of 31.25 per cent. Another manufacturer of superphosphates is in Belampalli on the Central Railway, which is about 623 miles from Bombay; 483 miles from Madras and 901 miles from Calcutta. The freight charges per ton to this place, from the ports mentioned, would be Rs. 29-8-0; Rs. 24-15-0 and Rs. 38-9-0 on the movement of rock phosphates, which against the price of the latter, are indeed very high. This is therefore, again a clear case for quoting wagon load rate or concessional station-to-station rate.

Gypsum, insecticides, rectified spirit, drugs and medicines, bichromate of soda, alum, sulphate of alumina including alumina ferric, are still other materials for which facility of a wagon load rate would be essential. Gypsum is an important raw material for the manufacture of ammonium sulphate and moves from Aryallur in the South to Udyogamandal. This has already a station-to-station rate at 8 annas a maund from Aryallur to Cochin Harbour Terminus. The lowest rate payable for manure, at class rate, for this distance would be Re. 0-6-6 per maund, whereas at special rate 'gypsum' has to bear an even higher charge! This certainly is anomalous. Insecticides and rectified spirit also need the introduction of wagon load rates. The former are important to plant health and human health and move in large quantities and should have a W.L. rate with a loading condition of 400 maunds, besides the change in general classification suggested earlier. Rectified spirit, apart from having to be classified much lower than Class XV, also needs a wagon load rate because of its large and regular movement to manufacturing centres as Calcutta, whose annual needs alone are 2 lakh bulk gallons.

In regard to drugs and medicines, these are now despatched as 'small'. If they be collected together and despatched in wagon loads at wagon load rates, they will conserve wagons and also enable distribution of these in different parts of the country at more or less uniform prices and without raising the incidence of freight charges on the price to the consumer, too greatly.

For alum and alumina sulphate including alumina ferric, the Eastern Railway did recommend in 1951 after detailed enquiry, introduction of a WL/B (RR) rate similar to bicarbonate of soda, soda crystals, soda ash, sulphate of soda. The Railway Board, however, did not accept the suggestion. Sulphate of alumina and alumina ferric, it may further be mentioned, are cheaper products than the others for which wagon load rates already prevail.

These are some of the instances where wagon load rates are needed by the industry. In the fixing of wagon load rates, the carrying capacity of wagons for particular kinds of traffic and under given conditions has to be properly determined. This is not done correctly, always. For instance, under a circular of the Eastern Railway of March 1952, a minimum weight has been fixed for charging coke. It is impossible to load the wagon to this limit without having to incur heavy unloading charges, because in the case of hard coke and hard coke rejections known variously as sponge coke, jhamra, soft coke etc., their bulk densities are low. To avoid this, coke is loaded in open wagons piled above the rim level which is otherwise the natural angle of repose. A good deal of such coke that is loaded is lost in transit and therefore, the present loading limit fixed for a wagon encourages wastage. There is another aspect of this question which needs going into. Bulk density of coke depends on its ash content and the lower the ash content, the lighter the coke. Bulk density therefore at the siding may not be the same as at the weighbridge, because the voids formed in loading get reduced by vibration and jolting in transit to the weighbridge causing shrinkage and settlement of the

materials in wagons. Thus, even covered wagons loaded to the maximum, show under-loading which cannot be avoided. Realisation of under-loading charges on coke, on the basis of the weight condition prescribed in the Eastern Railway's circular, therefore seems in appropriate. Coke plants, for reasons detailed here, frequently receive bills from consumers for realising under-loading charges. In response to representations, the Eastern Railway have agreed to reduce the weight for charging of coke, in the case of certain types of B.N.R. wagons by 1 ton but the relief is generally held to be inadequate. Too many variations in the type, floor area and carrying capacity of wagons also further complicate this matter. We have instanced this earlier in reference to salt moving from Kuda to Dhrangadhra.

Apart from wagon load rates, there are cases where rebates may be needed to develop industries and ultimately to increase the volume of traffic forthcoming. Freight charges on coal from Bengal and Bihar to Mithapur, a place of manufacture of alkali products, for a distance of about 1,200 miles, inclusive of terminal and transhipment charges, works out to Rs. 25-3-2½ per ton today. Before 1-4-52, these used to aggregate Rs. 19-13-2½ per ton. This is a 27 per cent increase, but apart from this part of the question, the total freight charges per ton are prohibitive having regard to the ex-factory price of coal which is only Rs. 14-6-0 to Rs. 16-4-0 per ton. It is a fit case, for a rebate, which would reduce the burden on the user of coal which is the alkali industry.

Thus, the needs of the industry, in respect of wagon load rates are the introduction of as many such rates as possible for the movement of commodities that actually move in wagon loads or that could be attracted, as a result of introducing such rates, to move in wagon loads; the proper interrelation of different wagon load rates and class rates from the standpoint of the level of rates; introduction of rebates where such rebates are needed to facilitate development of industries and encourage growth of traffic; correct assessment of wagon capacity, for purposes of these rates. These will enable Railways to develop traffic, conserve wagon space, and increase their revenue but at the same time reduce the incidence of freight charges on industrial raw materials and finished items considered essential to the life of the community.

5. *Short Distance Traffic and Comparison of Rates by Road or Sea.* Apart from the higher incidence of freight charges on the first leg of the traffic under the general classification of commodities, short distance haul is further penalised by a short distance charge and a minimum distance charge. This was in order when the Railways used to charge traffic on a flat rate per mile but under telescopic rating the fact that short hauls involve more trouble to Railways than others is supposed to have been taken into account while fixing the rate per mile. Similarly, terminal charges should not be admissible except in the case of short hauls because, apart from terminal facilities being incidental to carriage by a rail, their incidence on the Railway is so spread over the distance carried as to make it almost negligible. If, however, they should be

levied, they should not be at standard rates for all commodities. The Railways themselves have admitted that coal and coke are entitled to lower terminal charge than others owing to their being consigned in bulk but similar considerations or others equally weighty exist for limestone, salt etc. Considerations such as susceptibility to loss in transit, facilities needed for shed and yard accommodation, marking, labelling etc. are already taken into account in classifying these items. Thus, limestone and salt also should have comparable terminal charge facilities as coal and coke, if such charge be treated extra.

Short distance traffic is particularly penalised under our present freight rate structure, on account of several superimpositions as short distance charge, minimum distance charge and minimum charge per wagon. For instance, from Mithapur to Okha which is only 7 miles, caustic soda incurs a freight charge of Rs. 3-15-6 per ton and bleaching powder Rs. 4-13-1 per ton, which even by absolute standards should be deemed pretty high! Similarly, a good deal of drugs and medicines move within 300 miles from port areas where they are manufactured. Under the last Railway budget, besides raising charges on the first leg of the traffic, a surcharge of 12½% was to be levied on goods moving in smalls of less than 20 maunds. This surcharge, though reduced later to 6½ per cent, is still burdensome to short distance haul of commodities essential to public health.

It would appear that rates by road or by sea for short distance haul, are generally more attractive than rates by rail. In the case of bichromate of soda, for example, the freight from Kanpur to Howrah at Class IX is Rs. 3-0-7 per maund. Bichromate of soda produced in Bombay moves at Rs. 1-8-0 per cwt to Calcutta by sea. Thus, for less than half the distance, i.e. from Kanpur to Calcutta, the freight charges are much higher. In the same manner, the disparity between rail rates and road rates, could also be brought out. From Mithapur to Okha, for seven miles, current railway charges for salt, soda ash, sodium bicarbonate, hydrochloric acid, liquid chlorine, bromides, vary from Rs. 3-13-3 to Rs. 9-12-6 against Rs. 1-10-0 to Rs. 1-12-0 per ton which they incur as transport charges by road. Since the Railways could not adjust their own rates on par, the manufacturer recently purchased his own diesel trucks and has put them on road.

Ammonium Chloride is another substance for which sea freight works out cheaper than rail transport. Under class VI, in which it is now booked, freight charge for it from Cochin to Calcutta works out to Rs. 137 per ton whereas steamer freight for the same haul is only Rs. 64 per ton!

From all these, it would appear that short distance charges in our freight rate structure are high and often, road transport and sea transport are more attractive than rail transport. While co-ordination of rail rates with road rates or sea rates would be difficult, the rates by rail should not be such as discourage movement drastically. This is because such restrictive rates limit the choice of the user of railway service. As certain advantages are offered by Railway service, which are not available in the case of alternative methods of transport, there



should be no attempt at eliminating any kind of traffic, from movement over rail. This will, however, happen if short distance rates over rail remain too much out of accord with road rates or sea rates.

6. *Special Facilities:* Another important

question in which the industry is interested is the problem of special facilities necessary for movement of some of its materials. Liquid materials moved over rail need the advantage of special tank wagons and some such instances are given below:

<i>Name of Chemicals :</i>		<i>Type of wagons needed :</i>
1. Sulphuric Acid 1.8 sp. gravity	...	Steel
2. Hydrochloric Acid 38 per cent	...	Special rubber lined tanks
3. Concentrated Nitric Acid	...	Special Steel
4. Glacial Acetic Acid	...	Special Steel or aluminium
5. Liquid Caustic Soda	...	Steel
6. Liquid Ammonia	...	Steel (under pressure)
7. Liquid Chlorine	...	Steel (under pressure)
8. Alcohol	...	Steel
9. Liquid hydro carbons as benzene & toluene	...	Steel
10. Chlorinated Solvents like Carbon Tetra chloride, Trichlorathylene	...	Special Steel

Due to the absence of tank wagon facilities, liquid chlorine is now carried, as we have said in the beginning of this note, in drums or cylinders. The weight of the drum is also thus charged for, with consequential incidence on price to the user of chlorine. Caustic soda and hydrochloric acid also need such facilities. An alkali manufacturer on the Association's membership who had put up this problem to the Railway Board, finally learnt that such wagons would take long to make and put on service and has decided himself to build a tank trailer and use the normal facilities by rail to move the trailer to Ahmedabad, Bombay etc. from Mithapur. The problem of transshipment from B. G. to M. G. is also thereby solved, for the Railway. However, when such trailers should be actually constructed by users themselves, freight charges for the material should be lowered considerably. This is because the building of trailers is a fairly expensive job and in doing it, the users are partly taking on themselves the provision of facilities which the carrier himself normally must extend. On caustic soda solid, now packed in drums, the current charge from Mithapur to Bombay is Rs. 30. 89 per ton but if trailers should run, and caustic soda liquid should move at class 4 RR/or 3 OR then, the charge would be Rs. 188.09 per ton and Rs. 177.88. per ton respectively, inclusive of freight charge for return of empties. This would doubtless be a big difference: along with savings on fusion charges and cost of drums, net increase in transport charges, etc. it is calculated, will be still Rs. 65/- per ton. In hydrochloric acid, where glass carboys are now used for transport, this difference, with introduction of trailers will still be Rs. 50/-. In both cases, the calculation does not provide for depreciation or interest on capital invested! Thus, with the introduction of trailers, rates for these commodities will need to be lowered considerably.

Special type wagons are intended, however, to facilitate efficient carriage of goods of certain class, which are to be rated in the tariff having regard to the kind of carrier accommodation they need - i.e., having regard, in other words, to the physical characteristics of a commodity - and must therefore be the responsibility of the carrier to provide in ordinary circumstances.

7. *A reasonable freight rate policy:* From what has been stated so far, the essentials of a reasonable freight rate policy emerge. The freight rate structure must be such that it realises in total from the traffic the minimum revenue necessary for the maintenance of Railways at an efficient and economic level of operation; to facilitate nominal returns on invested capital and to enable yearly replacements and rehabilitation of rollingstocks, etc. It may be stated here that the rates must, in the context of this criterion, have an eye not only on the presently available traffic but on potential traffic. Further, the rate per mile must decline progressively with distance so that the principle that the unit cost of operation declines with increase in the length of haulage would be properly recognised. The cost of operation of Railways will thus no doubt, be an important factor governing the fixation of rates as one must have an idea of what may be the reasonable costs which are necessary to be incurred to keep the services in continuous trim and individual rates to be fixed for commodities must be able to facilitate such minimum yield from traffic in the overall. However, it would be practically impossible to fix the rate for commodities strictly with reference to the cost incurred in the transport of each commodity as it is not easy to apportion cost of Railway operations individually to each item. Further, even if this could be assigned, it could be assigned only with reference to the total volume of traffic which might materialise in future and not the total volume presently available. It thus appears that the cost of operations principle can merely be an indication of the level of necessary total revenues, under given conditions, below which the operation of Railway service may become uneconomic. The most important consideration in fixing rates for commodities, is, as stated in an early part of this note, the transportation characteristics of a commodity. This will ensure that low cost commodities and high cost commodities are not put together in the same class and that proper consideration is given to the factor of relativity in rates as between competing or substitute commodities. The regularity of movement and the volume of movement are similarly to be given consideration, besides competitive conditions obtain-

ing in a particular market, while fixing class rate, wagon-load rates or special station-to-station rates. Wagon-load rates give some reflection of the saving in operating costs to the Railways by moving commodities in wagon loads rather than in 'smalls' and are generally therefore lower than class rates. In a country like India where industrialisation is still to make headway and therefore, the possibility of developing traffic remains vast, it would be advisable to facilitate movement of as many commodities as possible in wagon loads by introducing more wagon-load rates, station-to-station rates and rebates. Such facilities may be accorded to more than one consignor who may agree to consign the same commodity in a wagon-load to the same destination and to industrial units which are moving raw materials and machinery to their sites for purposes of setting them up, even if such transport be only a temporary and not a regular feature. Raw materials of industries or their intermediate products must, in the same way, be carried on wagon-load rates or concessional station-to-station rates as they will enable the development of industries and give the Railways corresponding return by haulage of finished products, thus increasing their total revenue.

While it is no doubt not the function of Railways to subsidise individual units of an industry by a concessional freight policy to them, it would still be in the interests of Railways to take into account the general conditions prevailing in an industry as a whole so that the rates which may be fixed for the raw materials of the industry or its several finished products be such as would draw traffic and maximise the Railways' earnings. For, it should not be forgotten in emphasising the point that Railways are not expected to subsidise individual units of an industry, that except by large-scale industrialisation, even the narrow objective of maximum returns for rolling stock and line capacity employed in transport may not be achieved. Besides this, the transportation system of any country is regarded as its nerve centre for production, consumption, exchange and distribution and by keeping transportation facilities at as cheap a price as possible, the general fillip given to econo-

mic activity in the entire sector of industry and trade would be considerable. It is also necessary that the rates which may be fixed in any Goods Tariff Schedule do not vary from time to time with commodity prices. This is a matter well recognised by the rating policy of most countries and has its justification on grounds elucidated in the foregoing remarks. Adjustment of freight charges to different prices will introduce into the whole production and distribution system an element of uncertainty which will be most damaging to efficient and continuous utilisation of the productive and distributive machinery and will injure long established interests that have grown under a particular trade structure, differently. Stable rates are, therefore, most essential for any country. Lastly, it is also necessary that the Railways do not, either by an explicit order or by preferential rating, restrict certain kinds of traffic as it will affect the choice of the consumer considerably. The use of Railway service is resorted to in preference to alternative methods of transport on grounds of certain advantages which the service gives over other forms of transport. Thus, it would be wrong to interfere with the choice which the user likes to exercise. Closely related to this idea is the necessity of giving facilities for transport of materials by covered wagons, special wagons such as covered hopper wagons, trailers etc., and of facilitating the easy and effective transshipment of goods from one gauge of Railway to another without extra cost to the user. It may also be remarked, that in the application of these considerations, the question of public policy, or in other words, the idea of social well-being should rule paramount over every other consideration and that such public policy may necessitate Railways having to carry certain goods at a low rate which may otherwise have been classified higher.

The Committee of the Association trust that their views on the general freight rate structure of the country, as explained in this short representation, and the particular grievances which the chemical and the pharmaceutical industries have and some of which have been specifically detailed herein, will receive the sympathetic consideration of your Committee.

## Indian Engineering Association,

Calcutta.

### PART I-A

Q: 1 (a). It must be stated, at the outset that the Association is of the opinion that freight rates on Indian Railways are rather high for an undeveloped country, particularly in view of the distances over which many commodities must be transported. This results in high selling prices in outlying areas in particular, so that it is difficult to develop markets and thus to raise the standard of living in accordance with the aims of the

Second Five Year Plan. It is therefore felt that it is of the greatest importance to the long-term economic well-being of the country that railway freight rates should be kept at the minimum, and that any income which the Railways may lose in consequence in the immediate future, will be fully compensated from the long term point of view by increased traffic arising out of higher sales at reduced prices. The Asso-

ciation is accordingly of the opinion that the adoption in 1948 of the revised general classification of goods has had a hampering effect on trade and industry because it resulted in some essential goods being put into a higher classification, thereby leading to higher freight charges.

(b) The adoption of the principle of telescopic rates has in the main been helpful to industry and trade but it is felt that the distance range covered by each 'leg' is too great taking into consideration the fact that much of the railway traffic is short distance. Long distance traffic has undoubtedly benefitted from the telescopic rates but these are too high in the early stages to assist short distance hauls.

(c) The revised freight structure has, if anything, operated against short hauls for the reason given above, but medium distance traffic has gained some advantage.

Q: 2. (a) The Association is of the opinion that while the present rating arrangements do permit sufficient flexibility to meet the legitimate needs of industry in regard to the movement of raw materials and finished products, the various railway administrations appear to be more concerned with railway revenue than with the legitimate needs of industry and are reluctant to exercise this discretion which is vested in them. As a particular example, mention can be made of the reluctance to quote "station-to-station" rates, a point which is dealt with at greater length later in these answers to the questionnaire.

(b). As already stated there is an increasing tendency for Railway Administrations to avoid the exercise of their discretionary powers.

Q: 3. Please see the explanatory note in Annexure I. The Association is not in a position to answer this question which will no doubt be dealt with on a specific basis by individual Railway users.

Q: 4. The Association is of the opinion that the present practice whereby no charge is made for the transport of commodities for distances beyond 1,500 miles should be continued and that in fact this maximum should be reduced to 1,200 miles. It has already been mentioned that the present freight structure is largely instrumental in raising prices in outlying areas, and it would be of assistance in reducing those prices and in developing markets if there was no freight charge for distances beyond 1,200 miles.

Q: 5. (i) The Association is of the opinion that no terminal charge is justified where a terminal service is not rendered, as in the case of many despatches made by the engineering industry.

(ii) The Association has no objection to a short distance charge for haulage of less than 75 miles.

(iii) The Association is strongly opposed to a transhipment charge where there is a break in gauge as trade is already seriously hampered by the damage and loss of time which frequently occurs at transhipment points, without an additional penalty being imposed on it by way of an extra charge.

Q: 6 to 9. No comments.

Q: 10. The Association has no comment to make on this question.

Q: 11. The Association is of the opinion that the rates for traffic moving in smalls are at present too heavy in comparison with those for complete wagon loads and that they should be reduced so that the revenue which they produce bears a closer relationship to the revenue gained from goods despatched in wagon loads.

Q: 12 to 14. No comments.

Q: 15. The Association has no comment to make on this question.

Q: 16. (i & ii) The Association is not in favour of these suggested expedients for ensuring the better utilisation of transport capacity because they would operate unfairly in the case of bulky or awkward loads of relatively light weight, such as empty containers or structural units of awkward shapes.

(iii) The Association fully supports the suggestion that a reduction in freight rates should be quoted for quantities loaded beyond the minimum weight per wagon fixed for different commodities, so as to encourage loading up to the fullest extent of the wagon capacity.

Q: 16. (A) The Association would like to suggest that the present minimum weight conditions should be adjusted so that they do not penalise the manufacturers of containers, hollow-ware and certain fabricated steel to the extent which is at present applicable. Hardship is caused in these directions because it is impossible to fulfil the minimum weight conditions as volume of the commodities concerned is such that the capacity of a wagon is insufficient to carry the minimum weight.

Q: 17. The Association is of the opinion that train load rates should become a feature of the railway freight structure because it is felt that this would result in reducing the cost of raw materials in particular, and would also serve to reduce railway overheads as little railway service is required in the case of goods despatched by the train load. This facility does of course exist on railways operating in other countries outside of India.

Q: 18. The Association is not in agreement with the suggestion that there should be an additional charge for special express goods services as it is of the opinion that this would be placing a premium on inefficiency. The aim should be to speed up all goods services so that the need for special express services would be reduced to a minimum.

Q: 19. Crane facilities for loading and unloading heavy consignments at present are grossly inadequate. Charges are high and there is often considerable delay before such facilities can be made available. It is felt that normally the freight charges quoted for a consignment requiring crane loading should be comprehensive of that service and that no additional charge should be made.

Q: 20. The Association does not wish to comment on this question.

Q: 21. While these suggestions would appear to have advantages as a means of saving rail transport, the Association is not in favour of their acceptance because it is of the opinion that any increase in rail freight rates for short distance or other traffic with the object of encouraging the use of road transport, inland water vessels or coastal shipping would only result in a general increase in freight rates because these alternative methods of transport would no doubt take the opportunity of the higher rail freights to raise their own rates. Moreover, there are some commodities such as coal and certain types of structural steel, which cannot readily be moved by road except for very short distances.

Q: 22. Taking all factors into consideration it is probable that in the case of many commodities short distance freight rates by road are cheaper than those by rail because goods are moved from door to door by road and need only be loaded and unloaded once. In addition movement is quicker. Movement by inland water vessel can also be cheaper but that is dependent on the distance of the final loading and unloading points from the waterway.

Q: 23. The Association is not in favour of the suggestion that there should be a freight pool for certain commodities so that freight rates are kept fairly uniform irrespective of distances. The existing heavy engineering and fabricating industries are situated at the ports where the freight incidence is not normally high in comparison with that in inland areas, so that any such pool covering either the raw materials used by the engineering industry or its products would inevitably result in raising engineering costs, which must be kept to a minimum if markets are to be developed to the extent necessary to absorb the increased steel production visualised by the Second Five Year Plan. In addition, the Association can see no reason why its members should be expected to subsidise industries in other areas which may well become competitors. If it is necessary to assist industries in any particular area where costs are high this would seem to be a matter for a Government subsidy.

Q: 24. The Association is not competent to comment on this question.

Q: 25. The Association has already stated that it is not in favour of a system of pooled freights but should any such system be imposed it is considered essential that it should be operated by industry and not by Government.

Q: 26. It is felt that the existing high internal freight rates constitute the greatest single impediment to development and that if the Second Five Year Plan is to be a success these rates should be reduced in order to assist in lowering production costs and selling prices, as a means of increasing demand.

Q: 27. The Association has no comment to make.

Q: 28. It is the experience of members of the Association that requests for station-to-station rates are frequently evaded by a reply to the effect that the matter is receiving consideration. It is felt that these rates are essential to the development of the

country as a means of reducing costs and individual concerns will no doubt be giving examples of requests which have been refused.

Q: 29. The Association is of the opinion that it was a mistake to abolish many of the station-to-station rates with the introduction of the telescopic rate on continuous mileage. The latter only takes a distance into consideration whereas the station-to-station rate is of great assistance in developing traffic to a particular point.

Q: 30. The Association is in full agreement with the suggestion that station-to-station rates should be revived on a large scale to foster the development of new industries and to assist the export trade, it is felt that there should be a reasonable minimum restriction on the traffic offered if a station-to-station rate is quoted but it is stressed that the industries concerned should be given adequate opportunity of developing traffic before this restriction is brought into operation.

Q: 31. The Association is in full agreement with the suggestion that the railway freight rate policy should not be based on considerations of the economics of transportation and the needs of railway finance only, but that, as the railways are a public service, freight rates should be fixed in such a manner that they do not hamper the development of industry or markets.

Q: 32. The Association is of the opinion that where appropriate the railway freight structure should be utilised to assist the development of particular industries or other interests.

Q: 33. The Association is in agreement that the freight rates should be fixed so as to assist the establishment and development of new industries, provided that any such assistance is granted on an industrywise basis and does not result in discrimination between individual units of the same industry. The Association would also advocate that special freight consideration should be given to undeveloped areas provided that the industry concerned could not otherwise have been established.

Q: 34 to 38: No comment.

Q: 39. The Association has no comment to offer with regard to this question.

Q: 40. The Association is unable to understand the statement: "that the cost of haulage of additional traffic of this magnitude will not be less than the average cost of haulage at present incurred by the railways". It should be apparent from ordinary business and commercial experience that Railway overheads will obviously not increase in direct proportion to the additional traffic offering particularly as in some cases no additional revenue expenditure will be involved as a result of that traffic. Overheads will be spread over a greater volume of traffic so that operating costs will be reduced and the income of the railway sufficiently enhanced to cover any loss which may be incurred in carrying additional "low-rated" traffic. In these circumstances there is no situation to meet and railways will be able to maintain their financial stability without any special measures.

Q: 41 & 42. No comment.

Q: 43. In view of the fact that in the main the Engineering Industry is situated at the ports, the 1948 revision of freight rates has made little or no difference to its development, but the telescopic rates have assisted trade, particularly to outlying areas.

Q: 44. It is felt that this is a question that can only be answered by individual concerns.

Q: 45, 46 & 47. No comments.

Q: 48. It is anticipated that there will be a considerable expansion of the Engineering Industry in North East India as a result of the greatly increased steel production visualised under the Second Five Year Plan. This expansion will not only mean increasing overall capacity but will involve undertaking types of work other than those which have hitherto been conducted in the area.

Q: 49. Both the volume and length of movement of existing engineering traffic is likely to be increased as a result of the development in the private sector during the period of the Second Five Year Plan.

Q: 50. The Association is not in a position to estimate the quantum of new traffic which will be involved.

Q: 51. The Association has little knowledge of the development visualised in the Public Sector but it is well known that it is the intention to establish three new steel plants in North East India during the Second Five Year Plan and that in addition Government may decide to set up foundries and structural workshops.

Q: 52. The activities of the new steel works alone will result in a vast increase in the volume and length of movement of rail traffic.

Q: 53. It is assumed that the Planning Commission have the information necessary to answer this question.

Q: 54. It is suggested that when framing the railway freight structure, simplification and enlargement of freight classification must be adopted as a basic principle to cover expansion in traffic.

## PART II

Q: 1 (a) The majority of engineering firms' despatch from private sidings and are compelled, therefore, to book their goods at owner's risk.

(b) The Association is of the opinion that Engineering concerns would prefer to book the majority of their goods at the higher railway risk rates even when alternative owner's risk rates are available. The alternatives are unfortunately not available when goods are booked from private sidings and the Association would like to suggest that this situation should be changed and that booking from private sidings should be allowed at both owners and railway risk. It is felt that if necessary, the members concerned would be prepared to pay the salaries and expenses of loading clerks posted to private sidings to witness and certify loading.

(c) The Association is of the opinion that there has been a change in booking

practice since the last War. Engineering concerns at least previously preferred to book their goods at owner's risk but in present circumstances with the increasing incidence of pilferage, they would now prefer to book at railway risk.

Q: 2 (a) It is felt that there is an increasing tendency among members to take out private insurance in addition to booking at railway risk because of the interminable arguments which are involved in claiming against the railways on account of loss or damage and because of the inordinate delay which frequently occurs before claims are settled.

(b) Private insurance is normally effected against theft, shortage, total loss and damage and the premium rates differ according to the commodity and to the region. Insurance companies may not be prepared to accept a risk in respect of certain commodities or of commodities despatched by certain routes.

(c) The Association is of the opinion that there has been a marked shift in favour of private insurance as compared with booking at railway risk during the post-war years:

Q: 3. The Association is unable to state the extent of any such shift but it has been particularly marked in respect of commodities liable to damage, theft or pilferage.

Q: 4 (a) The Association is of the opinion that there has been a marked increase in the payment of compensation claims by railways since the last war and it is assumed that figures in this regard are available with the railway authorities.

(b) As far as engineering goods are concerned the quantum of traffic has remained approximately the same but prices have doubled or trebled during the post-war period.

Q: 5 (a) Compensation claims paid by the railways, in respect of engineering goods arise mainly out of theft and pilferage, but as far as certain goods are concerned, claims are also on account of damage due to rough shunting and handling and to wet.

(b & c) The Association does not have the information necessary to answer these questions.

Q: 6. Engineering products and steel are among the principal commodities involved in compensation claims rejected by the railways but the Association is unable to give an estimate of the value of the claims preferred.

Q: 7. This question is not applicable to the engineering industry.

Q: 8. The Association is of the opinion that the consignor or consignee as the case may be, should always be given the option of booking his goods either at railway risk or at owners risk and that both rates should invariably be quoted.

Q: 9. The Association is not aware of any considerable variation between railway risk rates and owner's risk rates in as far as they relate to engineering products.



Q: 10. As already stated above the Association is of the opinion that both railway risk rates and owner's risk rates should be quoted on all occasions. This is also applicable in the case of wagon load schedule rates for which only owner's risk is at present quoted, as it is felt that railway risk rates should also be quoted in this respect to enable consignors to book either at owner's risk or at railway risk.

Q: 11. Not applicable.

Q: 12. The Association has already suggested that both railway risk and owner's risk should be retained in respect of all commodities and, as it understands the situation, booking at owners' risk relieves the railways of responsibility for any loss or damage which they can prove has not arisen as a result of their negligence.

Q: 13. This is not applicable to the engineering industry.

Q: 14. The Association has no comment to make.

Q: 15. The present standard packing conditions applicable to steel are expensive.

Q: 16. The Association has no suggestions to make regarding the possible extension of compulsory packing conditions to other commodities.

Q: 17. (a) The Association is of the opinion that useful additional facilities would be provided to the general public if the railways could arrange warehousing facilities for the storage of goods prior to despatch or after delivery. Consignors or consignees should be allowed a reasonable free period for the use of any such facilities and thereafter a penal rent should be charged to ensure that the warehousing thus provided was not used for general storage.

(b) It is suggested that any such facilities should be administered either by the railways themselves or by a public corporation sponsored by the railways.

Q: 18. The Association is of the opinion that it is of the utmost importance that the liability of the railways should be that of a common carrier instead of that of a bailee. It is understood that the railways in the United Kingdom for example, are regarded as common carriers and the fact that Indian Railways are only bailees has not encoura-

ged that full sense of responsibility towards the property which they carry, which is desirable if the present very considerable resentment against the railway attitude is to be avoided. The majority of shortages occur from consignments of iron and steel and coal being carried in open wagons, often to suit the convenience of the railways and arise out of pilferage and theft on the route from which railway staff cannot be exonerated. The railways repudiate liability for any such shortages on the grounds that the consignments were carried in open wagons, even although this may be against the wish of the party concerned who not only loses the value of the goods as a result, but incurs financial loss on account of shortage of materials which frequently cannot be readily replaced. This double loss would be avoided if the liability of the railways was that of a common carrier.

Q: 19. The Association can only suggest as a measure of reducing the incidence of theft and pilferage that security arrangements in general should be tightened and that the main railway yards should be fenced or walled, to prevent the present easy access to them by unauthorised persons.

Q: 20. The Association is unable to estimate any additional sum for which the railways would be liable if they were treated as common carriers instead of merely as bailees as at present. The incidence of running train thefts is particularly high in respect of commodities carried in open wagons and this is especially relevant to the movement of coal.

Q: 21. The Association would like to draw attention to the very serious delays which occur before claims against the railways are settled and it is suggested that these could be reduced very considerably firstly by setting a target period within which each claim case must be disposed of and secondly, by appointing a senior officer on each railway to ensure that this time-table is acted upon by the claims staff.

### PART III

### GENERAL.

Members have little knowledge of the working of the Railway Rates Tribunal and accordingly the Association does not wish to comment on this section.

# The Indian Iron & Steel Co., Ltd., (Burnpur Works), Calcutta.

## PART I-A.

Q: 1. The rates of freight adopted in 1948 have certainly increased the costs of the Iron & Steel Industry. Though station-to-station rates for the principal raw materials

have been continued, these rates are much higher than the previous rates as will be seen from the instances given below :—

		1947.			1955.		
		Rs.	a.	p.	Rs.	a.	p.
Limestone—ex Birmittapur	...	4	15	1	10	1	9
Iron Ore —ex Gua.	...	4	2	4	8	8	2
Do. —ex Bara Jamda	...	4	5	6	8	15	7
Do. —ex Manoharpur	...	3	15	10	8	6	1
Manganese Ore —ex Gua	...	4	7	5	9	1	5

As regards Coal, the average freight to Burnpur was Rs. 2,582 per ton in 1947 while in 1955 it stands at Rs. 3,852.

The telescopic rate on the continuous mileage basis has not benefitted the industry as the principal raw materials are received from within comparatively short distances. The volume and distance of movement of traffic in inward raw materials have not been affected by the freight structure introduced in 1948 as the sources of supply remain the same and the required quantities have to be obtained.

The increase in costs and therefore, in selling price due to freight increases and the increase in the freight rates for despatches of finished products do not appear to have affected sales. Iron and Steel are in short supply, the price is controlled, and competitive conditions do not exist.

Q: 2 (a). Some measure of flexibility has been introduced by the continuance of station-to-station rates for principal raw materials. These station-to-station rates are not, however, very appreciably lower than the scheduled (wagon) rates, the difference being from Re. 1/- to Rs. 2/- per ton.

Q: 5. Terminal and transshipment charges are apparently charges levied to cover the actual expenses incurred by railways. Whether the charges are adequate or excessive depends on a review of the actual expenditure incurred by railways on loading, unloading and transshipment, compared with the receipts from these dues.

Short distances charges are apparently intended to cover the loss occurring in the hold-up of wagons which could otherwise be utilised for more paying long-distance traffic. Where, however, the traffic between two stations in any commodity is of some magnitude and is regular, the magnitude of the traffic would perhaps compensate for the losses on the hold-up of wagons and a station-to-station rates can be fixed for such traffic without taking into account short distance charges.

Q: 6. We would prefer the existing arrangement of having one mile as the unit, so that the freight charged may be in accordance with the actual distance of the traffic.

Q: 14. We doubt whether the raising of the minimum weight for a 'smalls' consignment would make more wagon space available. The minimum weight may, however, be increased if it would mean an appreciable increase in parcels revenue, provided, of course, that there is sufficient accommodation provided for the increase in parcels traffic.

Q: 15. The principle generally adopted in railway rating is to charge what the traffic will bear, according to the class of commodity carried. The suggestion now made that, in the case of 'small' traffic all commodities upto a maximum weight per consignment should be placed in one class, would upset this principle and may lead to loss of railway revenue.

Q: 16. We would suggest that the minimum weight condition be not distributed, but, in order to encourage maximum loading as far as possible, a reduction in freight rates for quantities loaded in excess of the minimum weight be adopted.

The suggestion that, where wagon load scales are not quoted at present, the present class rate should apply to wagon loads only, an extra charge being levied for 'small' would really mean an increase in the 'smalls' rate without any reduction for wagon loads. It is doubtful whether there would be an appreciable increase in wagon loading under this arrangement. The suggestion, if adopted, may mean, in some cases, delay in the transit of goods, as the consignor would wait till commodities for a full wagon load were available.

Q: 21. Except in the case of heavy commodities, for which road transport is unsuitable, there would be no objection to railways refusing transport of 'smalls' over short distance if alternative transport by road at reasonable rates is available. Road transport conditions have, however, to develop much more before this can be done.

For long distance traffic, adjustment of freight rates may be made to encourage traffic by coastal steamers if the freight rate by sea compares equally favourable with railway rates. Here, again, provision should be made for despatches by rail of goods required urgently, even though at an increas-

ed rate. Coastal shipping has also to be adequate enough to take over the traffic.

Q: 23. Under the special arrangements made in connection with the Iron and Steel Control scheme, the freight to the consumer of Pig Iron and Steel is limited to the freight from the nearest port (or from the manufacturing centres) to destination, the ports recognised in this connection being Calcutta, Bombay and Madras. A uniform rate of Rs. 15/- per ton is allowed to the producer to compensate him for the freight disadvantage, subject to eventual adjustment in the light of the actual freight paid by him. There is, in this arrangement, some element of pooling of the freight burden among all consumers, without in any way affecting railway revenues.

Q: 28. Please see reply to Q: 2. (a).

Q: 30, 31, 32, 33 and 37. Where the traffic is regular and of some magnitude, station-to-station rates are justified whether for new or old industries, and if the rates are carefully fixed, there should be no loss to the railways.

The loss on any uneconomic rate fixed for the encouragement of new industries, or for developing under-developed areas, should be borne by general revenues, if it is intended that railways should continue to be treated as commercial concerns. There would, of course, be no objection to the grant of concessions for specified periods in cases where it is clear that, after the initial stage, such concessions would not be necessary and that the railways will be able to recoup the loss.

Q: 34. The suggestion to charge on the basis of an inflated mileage for a limited period seems to be sound.

Q: 38. Prices are controlled by Government on the basis of the actual costs of an industry and the control scheme should not affect the rating policy of railways.

Q: 39. In any rational freight structure, the rating policy has to be so devised as to enable commodities to move. It is, therefore, necessary that, in some cases, a low level of rates has to be fixed, the loss, if any, in this connection, being made up by adjustment of the rates for other commodities. It may not always be possible to charge 'economic rates' for some commodities.

Q: 40. The increase in the movement of the low-rated traffic mentioned in the question would be accompanied by a general increase in industrial activity, leading to increased movements in other commodities also. It is possible that, at the beginning, railways may not make any profit or may even incur a loss on the additional low-rated traffic, but this should be a temporary feature.

Q: 44. The prices are quoted f.o.r. destination. The average selling price of finished steel and freight to certain centres in 1947-48 and 1954-55 are given below:—

	1947-48	1954-55
	Rs.	Rs.
Average Selling Price	233.94	448

The actual freight paid to the railways by the producer is shown below:—

	1947-48	1954-55
	Rs.	Rs.
Calcutta	6-10-7 p. t.	9-8-0 p. t. from Oct. '54
Bombay	22-10-11 p. t. upto Nov. '47 34-0-5 p. t. from Dec. '47	10-1-1 " " Nov. '54 53-4-10 " "
Madras	21-8-9 p. t. upto Nov. '47 32-5-2 p. t. from Dec. '47	50-12-1 " "
Ambala City	51-2-10 p. t. upto Dec. '47 56-15-10 p. t. from Jan. '48	67-12-3 " "
Kanpur	33-11-10 p. t. from Jan. '48	41-13-2 " "
Allahabad	23-10-10 p. t. upto Dec. '47 26-1-4 p. t. from Jan. '48	33-12-0 " "

The consumer is, however, charged only the freight from the nearest port to the destination.

Q: 50. The following table gives an idea of the increase in the volume of traffic, inward and outward, expected after the present extensions are completed:—

*Burnpur Works.*

Raw Materials	Receipts 1954-55	Estimated Receipts. When on full production after completion of Extensions.	Difference Increase in volume of traffic
	Tons	Tons	Tons.
Coking Coal	1,036,000	2,076,000	1,040,000
Boiler Coal	165,000	168,000	3,000
Iron Ore	835,000	2,100,000	1,265,000
Manganese Ore	14,000	33,000	19,000
Limestone	200,000	558,000	358,000
Dolomite	26,000	60,000	34,000
Sulphur	7,000	10,000	3,000
	2,283,000	5,005,000	2,722,000

Despatches of Finished Material			1954—55 Tons.	Estimated Despatches Tons	Difference Tons.
Steel	...	...	461,000	804,000	343,000
Pig Iron	...	...	4,000	48,000	44,000
Coke	...	...	46,000	360,000	314,000
Sulphate of Ammonia	...	...	11,000	26,400	15,400
			522,000	1,238,400	716,400

## PART I-B.

## ANNEXURE V.

Q: 1. Statement showing weights of principal raw materials and fuel (coal) required to produce 461010 tons of finished steel, (Production in 1954—55).

	Tons.
Iron ore	10,31,268
Manganese ore	17,545
Limestone	2,65,615
Raw Dolomite	29,915
Ferro-Manganese	5,058
Ferro-Silicon	519
Ferro-Phosphorous	178

	Tons.
Aluminium	93
Fluor Spar	1,141
Spelter	5,685
Salammoniac	403
Sulphur	988
*Coal (Fuel).	9,02,368

\*Coal required for Coke used in Pig Iron production and manufacturing operations in 1946—55. The total receipt of coal in 1954—55 was 1,201,000 tons, which included coal used in the production of Coke sold.

Q: 2. STATEMENT SHOWING PRODUCTION OF FINISHED GOODS DURING  
1938-39, 1947-48, 1952-53, 1953-54 & 1954-55.

	1938-39 Tons	1947-48 Tons	1952-53 Tons	1953-54 Tons	1954-55 Tons
Pig Iron (including Hot Metal)	3,92,174	4,37,650	4,86,971	4,09,128	5,17,899
<i>Saleable Steel.</i>					
Blooms (Saleable)	Nil.	—	2,185	1,698	3,675
Billets	..	71,875	90,540	1,07,181	1,43,647
Heavy Rails	..	14,286	33,607	34,953	54,141
Structurals	..	31,771	63,403	55,861	92,979
Heavy Bars	..	107	2,905	4,414	6,298
Light Bars	..	12,671	25,348	18,013	34,299
Sleeper Bars	..	330	—	—	—
Hoe Bars	..	—	676	775	611
Light Rails	..	1,340	2,838	2,560	2,943
Black Sheets	..	30,895	45,760	34,001	49,682
Galvanised Sheets	..	44,277	45,564	33,575	72,730
		2,07,552	3,12,826	2,93,031	4,61,010

Q: 3. There has been no change in the distance by haul of the principal raw materials required for production of Iron and Steel owing to the revision of the freight be drawn in 1948 and supplies continue to structure from the same sources as before.

There has not been any marked change in the distance of haul of finished products either because of the revision of freights in 1948.

Q: 4. Average, longest and shortest distance for haul of Finished Products 1954—55.

	Finished Products despatched by Rail.	
	Iron.	Steel.
Average mileage	695.94	760.35
Longest mileage	1,117	1,596
Shortest mileage	103	20

Average, longest and shortest distance for haul of Principal Raw Materials—1954—55.

	Average Mileage.	Shortest.	Longest.
Iron Ore	166	158	173
Manganese Ore	173	173	173
Limestone	173.5	148	199
Raw Dolomite	199	199	199
Ferro Manganese	145	103	197
Coal (Fuel).	38.9	10	60

Q: 5. Almost the entire quantity is received by rail.

Q: 6. Almost the entire quantity of Finished Products is despatched by rail.

Q: 7 (a) Statement showing average purchase price and average Railway freight per ton of Principal Raw Materials purchased during the years 1947/48 and 1954/55.

	1947/48.		1954/55.	
	Average Purchase price per ton.	Average Railway freight per ton.	Average Purchase price per ton.	Average Railway freight per ton.
	Rs.	Rs.	Rs.	Rs.
Iron Ore ...	4.064	3.943	6.886	8.884
Manganese Ore ...	9.212	4.219	14.072	9.111
Limestone ...	3.655	4.615	6.112	10.124
Raw Dolomite ...	4.812	5.024	7.780	10.170
Ferro Manganese (Price including charges) ...	416.679	9.990	772.781	12.877
Ferro Silicon (Price including charges) ...	567.094	75.638	775.450	180.140
Ferro Phosphorous ...	No purchase.	No purchase	531.660	110.330
Aluminium ...	do.	do.	2618.839	2.517
Flour Spar (Price including charges) ...	298.113	9.886	298.610	13.900
Spelter (Price including charge) ...	859.740	12.745	1161.990	15.860
Salammoniac ...	507.760	15.035	721.500	17.370
Sulphur (Price including charges) ...	159.607	12.404	248.757	12.565
Coal (Fuel) ...	15.680	2.532	14.477	3.852

(b) Average price of Finished Steel & Iron.

	* 1947/48		1954/55	
	Average selling price at important consuming Centres, i.e., Ports namely Calcutta, Bombay and Madras	Average price at manufacturing points.	Average selling price at important consuming Centres, i.e., Ports namely Calcutta, Bombay and Madras.	Average price at manufacturing points.
	Rs.	Rs.	Rs.	Rs.
Steel ...	233.94	226.94	448.00	433.00
Iron ...	92.00	85.800	155.800	140.800

\*Price prevailing from 1st April, 1947 to 31st December, 1947 taken in arriving at the average price. The price was revised with effect from 1st January, 1948 and again on 27th January, 1948.



Q: 8. *Finished Products despatched by rail during 1954-55.*

	Steel Tonnage.	Iron Tonnage.
I.	43826.603	—
II.	380.025	—
III.	177866.013	2858.0
IV.	5993.715	20.0
V.	13348.950	417.0
VI.	17257.637	—
VII.	3915.076	—
VIII.	10895.492	—
IX.	21299.244	175.0
X.	17260.140	46.0
XI.	20633.401	267.0
XII.	83379.799	381.0
XIII.	10868.987	—
XIV.	2111.115	—
	<u>429036.197</u>	<u>4164.0</u>

### ANNEXURE VII.

#### PRINCIPAL GRADE OF COKE AND PRODUCTS OF MINES.

Q: 1.

		1938-39	1947-48	1952-53	1953-54	1954-55
Coke.	Tons.	3,22,896- 0-0	4,37,991- 0-0	7,03,826-18-2	5,88,491- 9-3	7,31,802-19-1
Ore.	„	4,36,774-19-0	4,02,659-18-0	6,38,542-10-0	5,92,755-17-0	7,24,035-3-0

#### Principal grade of Coke and Products of Mines 1954-55.

Q: 4.

Quantity of Traffic (Coke) moved by rail during 1954-55.

				T.	C.	Products of Ore Mines
(i)	1	to	50 Miles	24,837	9	
(ii)	51	„	100 „	—		
(iii)	101	„	200 „	6,263	4	7,21,228-11
(iv)	201	„	300 „	—		
(v)	301	„	400 „	61	17	
(vi)	401	„	500 „	180	0	
(vii)	501	„	600 „	214	7	
(viii)	601	„	700 „	18	0	
(ix)	701	„	800 „	115	17	
(x)	801	„	900 „	914	0	
(xi)	901	„	1000 „	991	8	
(xii)	1001	„	1200 „	361	10	
(xiii)	1201	„	1500 „	4,363	10	
(xiv)	Beyond		1500 „	—		

Q: 5. The Quantity of Traffic (Coke) moved by  
rail-cum-sea route during 1954-55

... 2,882 10

Q: 6.

Quantity of Traffic (Coke) moved by road.

(i)	1	to	50 Miles	625	0
(ii)	51	„	100 „	37	16
(iii)	Beyond		100 „	170	0

Q: 7.

Traffic moved by road at the request of the constituents during 1954-55 (Coke)

				Quantity.		Railway freight.		Lorry Hire.		Difference.	
				T.	C.	Rs.	A.	Rs.	A.	Rs.	A.
(i)	1	to	50 Miles	625	0	2,039	5	2,091	14	52	9
(ii)	51	to	100 „	37	15	208	2	1,061	12	853	10

## ANNEXURE V.

(Kulti Works)

Q: 1. To produce one ton of Pig Iron, the following quantities of principal raw materials are required.

Iron Ore	...	1.708	tons
Rock Phosphate		0.015	„
Manganese Ore	...	0.048	„
Hard Coke	...	1.345	„
Limestone	...	0.390	„

To produce one ton of Coke we require 1.370 tons of coal.

Q: 2. The production of finished goods for the years in question is set out below:—

	Pig Iron.	Pipes.	General Castings.	Hard Coke.
	Tons.	Tons.	Tons.	Tons.
1947-48	100,573	32,954	34,241	186,035
1952-53	140,003	44,780	27,709	180,023
1953-54	170,312	47,205	18,213	136,127
1954-55	197,702	70,768	15,157	112,654

Note:—Similar information for the year 1938-39 is not available.

Q: 3. There has been no change in the distance of haul by rail in respect of finished products and principal raw materials.

Asansol, Sitarampur, Ondal, Barakar, Kusunda and Pathardih,

(b) Finished Products. 20 miles 1,600 miles

Q: 4. In respect of traffic received and despatched by rail, we set out the longest and shortest distances for the principal raw materials and finished products.

Note: Please note that the shortest distance is the minimum distance for which the Railway will charge, irrespective of the actual distance.

(a) Raw Materials	Shortest Distance	Longest Distance
Iron Ore Manoharpur	164 miles	
do Bara Jamda		174 miles.
Manganese Ore Gua.	179 miles	
Limestone Birmitrapur	206 „	
Rock Phosphate Ghatsila	132 „	
*Coal	20 „	36 „

Q: 5. The entire quantity of principal raw materials is received by rail, the only exception being Ramnagore Coal which we receive by our own tramline or by means of the present Aerial Ropeway. The coal received from other collieries constitutes about 50% of our present requirements.

Q: 6. The entire quantity of finished products is despatched from the Mills by rail.

\*Coal is purchased from the different collieries and despatched from the following stations:—

Q: 7 (a). The average price and the average rail freight paid per ton of each of the principal raw materials are set out below:—

Materials	1954-55		1947-48	
	Average Price per ton.	Rail Freight per ton.	Average Price per ton.	Rail Freight per ton.
	Rs.	Rs.	Rs.	Rs.
Manoharpur Ore.	8 14 10	8 8 4	6 9 5	4 2 4½
Bara Jamda Ore.	6 4 2	9 6 1		
Rock Phosphate	12 7 7	10 1 1		
Manganese Ore (Ord.)	14 2 9	9 3 8	6 3 0	3 13 2½
do (H.G.)	27 3 4	9 3 8		
do (C.P.)	129 0 0	23 10 0		
Hard Coke (Purchased)	34 12 0	(K.H. Ry. Track)		
Limestone (Lump)	6 1 0	10 6 3	4 0 0	5 2 6
do (Chip)	9 0 0	10 6 3		
Coking Coal (Purchased)	14 4 0	3 1 0	14 1 9	2 7 3
Coal (Ramnagore)	14 8 0			
Non-Coking Coal (Ramnagore)	14 4 0	2 14 0	15 2 0	2 3 0

Q: 8. Below are given the figures of despatches of Pig Iron by rail for the year 1954-55, for distance of:

					T. Cwt.
(i)	1 to	50 miles	...		2,720—1
(ii)	51 "	100 "	...		22—14
(iii)	101 "	200 "	...		60,982—11
(iv)	201 "	300 "	...		1,628—17
(v)	301 "	400 "	...		678—14
(vi)	401 "	500 "	...		1,112—8
(vii)	501 "	600 "	...		455—3
(viii)	601 "	700 "	...		2,424—15
(ix)	701 "	800 "	...		6,089—0
(x)	801 "	900 "	...		2,950—16
(xi)	901 "	1,000 "	...		8,484—4
(xii)	1,001 "	1,200 "	...		18,310—13
(xiii)	1,201 "	1,500 "	...		5,605—5
& (xiv)	beyond "	1,500 "	...		224—5

## The Indian Iron & Steel Co., Ltd., (Kulti Works),

Calcutta.

### GENERAL

The Indian Iron & Steel Co. Ltd. are particularly interested in representing their case in respect of castings such as C.I. pipes and cisterns, rollers etc. manufactured by them at the Kulti Works.

The Kulti Works are served by Kulti Station, E. Railway (old E. I. Rly.) and also Bisco Station, S. E. Rly. (Old B. N. Railway).

### PART I-A

Q: 1. (a) The effect of 1948 revised general classification of goods has been to greatly increase the Railway Freight Charges on C.I. Pipes and Cisterns.

*C.I. Pipes under Iron or Steel Div. 'B'-Class 4; Class 3, W/300 B. G.*—Pre-War classification *Class 2* (.42 pie per maund per mile):—In pre-war days freight charges on the old E.I. Railway which then extended from Howrah right up to Delhi, Saharanpur, Agra and branches (embracing the major important consuming stations) used to be the old C.J. Scheduled Rates and a large number of Station-to-station rates lower than the C.I. Scheduled rates from Kulti. Station-to-station rates used to be quoted from Bisco also. These rates were all cancelled and replaced by the New Standard Telescopic Class 3 Rates in place of C.J. Scheduled Rates and some of the old Station-to-station Rates were quoted from Kulti only on an enhanced basis from 1-10-1948. The Station-to-station Rates were enhanced on several occasions until their final abolition from 15-10-1954. Statement 'A' annexed shows the history of the rates for C.I. Pipes and Cisterns and Statement 'B' shows the effect of the replacement of C.J. Scheduled Rates by Class 3 Rates. Statement 'C' shows the effect of the enhancement of Station-to-sta-

tion Rates till their final abolition from 15-10-1954.

An examination of these Statements 'B' and 'C' discloses:—

Statement "B"—Percentage increase varies from 163 to 298% on C. J. Scheduled Rate with the Class 3 Rate from 1-10-48.

Statement "C"—Percentage increase of the Special Rates existing on 31-12-47 and Class Rates introduced from 1-4-55 varies from 162 to 300% on the abolition of all Special Rates from 31-3-55.

*C. I. Cisterns:* C. I. Cisterns, before October 1938, used to be classified under Iron or Steel Division 'B' (same as for C. I. Pipes)—class 2 (.42 pie per maund per mile). From October 1938 Cisterns were placed under Iron or Steel Division 'A'—a higher class 2A (.46 pie per maund per mile). This re-classification was due to the consideration by the Commercial Committee of the Railway that *Basic Heavy Iron Products* used for building and structural work and the commoner finished products used for commercial and industrial purposes should come under *Iron or Steel Division 'B'*; and that the *fabricated articles of higher class and value which included Cisterns* should come under Iron or Steel Division 'A'. This new definition of Iron or Steel Division 'B' & 'A' for Iron and Steel articles has led to anomalous classifications of articles now appearing under the head of Iron or Steel Division 'A' and Iron or Steel Division 'B'. For example, fabricated steel, bolts and nuts, rivets, shaftings, hooks etc. are now under Division 'B' and are more expensive than tanks and cisterns now listed under Division 'A'. These again, it is anomalous to classify cooking utensils, poles etc.

under Division 'B' while mortars and pestles, lamp posts are placed under Division 'A'. Furthermore, there is no weight limit for the *Basic Heavy Iron Products* to distinguish whether an article is to come under Division 'A' or Division 'B'.

From a reference to the old E. I. Railway Pre-War Goods Pamphlet, Part I, No. 7, 1941, it will be observed that a large number of Station-to-Station Rates used to be quoted under Iron or Steel Division 'A' and 'B', W/300, from Kult, Kumardhubi, Barakar Burnco Siding etc. to hundreds of then E. I. Railway Stations and Via including important stations like Kanpur, Agra, Delhi etc. These special rates were cancelled in the process of introduction of new rate structure from 1-10-1948. There was also a special Station-to-Station rate of Re.1/- per maund for C. I. Cisterns from Kult, Bombay via Naini which was cancelled in December 1947.

Statement 'D' shows a comparison of the Pre-war class rates with new rates from 1-10-48 to 1-4-55 for various mileages. It is seen from the Statement "D" that by transference of cisterns from Iron or Steel Division "B" to Iron or Steel Division "A" i. e. from Pre-war class 2 rate to 5th class rate from 1-4-55, the percentage increase in the rate varies from 145 to 188%. In the case of the special rate from Kult to Bombay, which existed in 1947, the enhancement comes to 338%.

(b) The adoption of the 1948 telescopic scales of rates have not been helpful in the case of C. I. Pipes and Cisterns and by the cancellation of the special rates the new rates under the standard telescopic class rates have become so high that severe competition has to be met with locally manufactured goods, foreign imported goods and with the goods manufactured in Calcutta area, despatched by sea route to port stations, e. g. Madras, Bombay, Delhi, & Kanpur etc.

(c) Annexure V question 8 shows the production and comparative figures of despatches of C. I. Pipe and Cisterns for the year 1947-48 and 1954-55 for various mileages in different legs. Although the overall despatches have increased by more than 100% it is however not a correct indication of the share of the traffic due to the Indian Iron and Steel Company having in view of the demand of the country having gone by 400 to 500% since 1947-48.

It will also be observed that within the 800 mile-zone the despatches of C. I. Pipes which includes the light casting pipes like soil and rain water pipes have not increased appreciably as it should have according to the demand, whereas the despatches in cisterns have definitely gone down. The main reason for this is the acute competition with the Calcutta manufacturers.

Q: 2. (a) No. The present rating arrangements are considered to be very rigid inasmuch as the policy of the Railways is to abolish the station-to-station rates for important commodities and replace them by the standard telescopic class rates. An example is the case of rates for C. I. Pipes and Cisterns in wagonload. Furthermore, wagonload rates quoted for C. I. Pipes and Cisterns are only one class less than

that for 'Smalls' and as such the difference between the rates for Smalls & Wagon loads is not considered sufficient when compared with class rates for commodities for which corresponding telescopic wagonload scales have been quoted. As an illustration, Appendix 'E' attached shows a comparative Statement of rates for various mileages for commodities classified at Class 1, for which WL/C Wagon load Scale applies classified at Class 3, for which WL/E Wagon load Scale applies classified at Class 4, for which WL/H Wagonload Scale applies whereas for C. I. Pipes class 4 applies for 'Smalls' and class 3 for 'Wagon loads'; and for cisterns class 5 applies for 'Smalls' and class 4 for 'Wagon loads'.

The disparity in the difference between Wagon load Scales Class Rates (for Wagonload Traffic) will be apparent from an examination of the said Appendix "E".

(b) The Railways have at no time exercised the discretion permitted to them under the present arrangements to meet the legitimate demands in respect of Rates for Pipes and Cisterns.

Q: 3. So far as the class rates for Smalls and the corresponding lower class rates for wagon load for C. I. Pipes and Cisterns are concerned, they are not appropriate in relation to one another when compared with the different class rates for Smalls and their corresponding wagon load scales for wagon load traffic. For the sake of illustration, the Appendix 'F' is attached, showing some of the commodities for which wagonload scales are quoted with their corresponding class rates for Smalls, and also the lower class rates for wagonload traffic and their corresponding class rates for 'Smalls' compared with C. I. Pipes and Cisterns.

Certain types of C. I. Pipes and Cisterns can be loaded up to 545 maunds and more in a wagon and as such a suitable wagonload scale with a minimum weight of 545 maunds would not only give a greater wagon-load return to the Railways, but it would also facilitate the development of traffic in this commodity.

Appendix 'G' attached is a comparison of class 3 rates on W/300 compared with wagon-load scales, F, G & H on W/545 showing the increased return per wagon the railway is able to earn by quoting one of the wagon load scales on W/545.

Q: 4. Having due regard to the operating expenses of Railways and the need for Railway Revenue, the present practice of levying no charge for the transport of commodities beyond a distance of about 1,500 miles is not considered an economic proposition from the railway point of view.

Q: 5. (i) The principle of levying a separate terminal charge is reasonable, but the charge should not be uniform. It should vary according to the nature of terminal services performed or according to the rates charged for the different commodities. For the cheap commodities charged at low rates, the terminal charges should not be the same as for expensive commodities charged at higher rates.

(ii) In view of the telescopic principle of Rates structure, the cost of conveyance charge of the Railways for short distance is covered within the first leg of

the telescopic scale. The minimum distance for charge and also the terminal charge should also cover any expenses involved for short distances. On principle, therefore there should be no separate 'Short Distance' charge.

(iii) The transshipment charge at break of gauge is intended to cover the actual expenses incurred by the Railway and, therefore, there should be no separate transshipment charge for 'Smalls' and 'Wagonload' traffic.

Q: 6. The unit for charge per one mile is a standard recognised principle and should not be changed.

Q: 7. No remarks.

Q: 8. It is anomalous to charge empty haulage on empty tank wagons on some railways, while it is not so done on other railways. The present practice should, therefore, be discontinued.

Q: 9. There are obvious anomalies in the present classification of commodities under Iron or Steel Division 'A' and 'B' *vide* examples mentioned in Q: 1 (a) 'Cisterns'.

C. I. Rollers now come under Iron or Steel Division 'A'. The weight of C. I. Rollers vary from 1 to 5 tons each and they are essentially used in Industries. As such, C. I. Rollers should properly be classified under Iron or Steel Division 'B'.

Q: 10. We are not satisfied with the present wagonload rates for C. I. Pipes specially on account of the cancellation of the station-to-station rates. C. I. cisterns should also be classified and charged at the same rates as for C. I. Pipes, as both commodities are used for sewage and flushing purposes. C. I. Rollers are also heavy and comparable with articles now classified under Iron or Steel Division 'B' and should, therefore, be charged as for articles falling under Iron or Steel Division 'B'. Castings N. O. C. under Division 'A' now includes manhole covers and frames stopcock boxes etc. should also come under Division 'B' as they are required in connection with sewage schemes and house connection connected with industrial developments.

Q: 11. The present relationship between 'Smalls' and 'Wagonloads' have not been properly adjudicated. In case of certain commodities classified under 1, 2, 3, 4, 6, classes one or other of the 13 wagonload scales applies to some 80 commodities only, whilst for some 17 commodities classified between 2, 3, 4, 5, 7, 8 and 12 classes, a lower class rate has been selected for wagonload rates. There are some 3,000 commodities in the general classification of goods and it is anomalous that only about 97 commodities have been provided with wagonload rates, 80 with wagonload scales and 17 with a lower class for wagonload traffic. This position appears to be anomalous since every commodity is capable of being offered in wagonloads and it costs the Railway less to convey traffic in wagonloads than for 'Smalls'. A proper relationship between rates for traffic in 'Smalls' and 'Wagonloads' would be maintained by providing suitably reduced rates for all commodities for wagonloads as done on American Railways.

Q: 12 to 15. No remarks.

Q: 16. To ensure better utilisation of transport capacity so far as the C.I. articles of the Indian Iron & Steel Co. Ltd. are concerned, the following remarks are made:—

The present W/300 for C.I. Pipes is suitable for the larger Pipes (9" and upwards in diameter); but for the smaller pipes (2" up to 8" diameter), wagons can be loaded right up to 545 maunds and more. Therefore a low wagon load scale of rate with W/545 should be quoted. C.I. Cisterns being more or less complementary to C.I. Pipes, as explained under 10 above, these should have the same wagon load rate and minimum weight for charge as for the smaller dimension pipes. See answer 3, Appendix "G".

(i) There is a very little scope for up-grading the existing "W" condition attached to various commodities which have been arrived at after long years of experience. As a matter of fact, when opportunity offers, more than the minimum weight for charge is loaded according to the orders.

(ii) It is not recommended that the present class rates for "smalls" should be adopted for wagon loads only where wagon load scales are not quoted at present, as wagon load rates must always be lower than the class rates for "smalls". The levy of an extra charge for movement in 'smalls' would result in increasing the existing class rates for "smalls". As it is, the Class rates have been generally enhanced from 1st April, 55.

(iii) As explained in (i) above, from the business point of view it may not be possible for the trade to make larger despatches than the present minimum weight for charge for different commodities which depend on the quantum of orders they have to execute. Therefore, the inducement by a reduction in freight rates for quantities loaded beyond the present minimum weights per wagon may not be effective for various reasons, such as the supply of the requisite type of wagons when required.

Q: 17. It would be feasible for this industry to obtain their raw materials, e.g. Coal, Iron ore and Limestone in train-loads provided considerably reduced train-load rates are quoted. Unless the bottle-neck over the railways is considerably removed, the introduction of train load rates is likely to affect greatly the regular supply of wagons to other industries who may not despatch in train loads.

Q: 18 to 20. No remarks.

Q: 21. (a & b) No remarks.

(c) There would be no objection for our finished goods being carried by coastal shipping in order to remove the strain on Railways provided, that the existing freight charges remain unaltered and all the necessary facilities for through booking are introduced from about 150 miles from port stations. This is a welcome proposition.

Q: 22 to 27. No remarks.

Q: 28. The Indian Iron & Steel Co. Ltd. have made innumerable requests to retain the previous station-to-station rates for C. I.



Pipes and Castings or to quote new rates, but those requests have always been turned down. Copies of the relevant correspondence are attached as Appendices H 1 to H 9 for Cisterns and J 1 to J 6 for Pipes.

We would specially draw the attention of the Committee the unjust manner in which the station-to-station rates of cast iron pipes have been enhanced from time to time and finally abolished from 15th October 1954, as will be seen in our representation (our annexure J-4). When it suited the Railways, our cast iron pipes were treated as coming under the category of Iron & Steel Division "B" for the purpose of enhancement of the station-to-station rates to the level of 40% less than class 3 rates which is the basis of charge for station-to-station rates for Iron & Steel materials other than Cast Iron Pipes from Tatanagar, Burnco Siding etc. (Please refer to our annexure J/2). This privilege, however, was denied to us when the previous station-to-station rates for C. I. Pipes were totally abolished from 15th October 1954.

Q: 29. This has already been dealt with in question 2. We would, however, suggest that a lower wagon load scale rate for C. I. Pipes and Cisterns and special station-to-station rates for some important stations, e.g., Howrah, Patna, Allahabad, Kanpur, Delhi, Lucknow, New Delhi etc. be introduced for C. I. Pipes and Cisterns. Even the special station-to-station rates for C. I. Pipes from Bisco to Bombay and Madras granted by the Railway Rates Tribunal have not been helpful, specially in respect of soil and rain water pipes, on account of the rates not being low enough compared to the last station-to-station rates.

Q: 30. The export trade will be greatly encouraged in the interests of the country as a whole by the introduction of station-to-station rates.

Q: 31, 32, 33 & 37. Since Commerce and Industries are handmaids to the Railways Industry, it is only reasonable that the objective of the Railways should be to develop the Industry and Commerce of the country by quotation of suitably reduced railway freight charges. These rates should cover at least the working expenses, for such goods where low railway freight rates are necessary for the development of the country's needs.

Q: 34. It is suggested that in case of railway freights for newly constructed lines, the rates should not be charged on a basis of inflated mileage, which may retard the development of traffic on the newly constructed lines. The Railways should wait and see for at least two or three years after newly constructed lines are open for traffic.

Q: 35 & 36. No comments.

Q: 38. The general policy of the Government to control or fix ceilings for the prices of particular commodities should not effect the charging of freight rates in accordance with the normal principles which the Railways follow.

Q: 39. In any rational railway freight structure, the rating policy has to be so devised as to enable all commodities to move. It is, therefore, necessary that in some case a low level of rates has to be charged. The so-called loss, if any, in this connection should be made up by adjust-

ment of rates for other commodities. It may not always be possible to charge economic rates for some commodities.

Q: 40. The increase in movement of the 'Low Rated' traffic mentioned in this question would be accompanied by a general increase in the industrial activity leading to increased movement in other commodities also. It is seen that the existing large volume of low rated traffic has helped considerably to increase the gross earnings of the Railways, which up to this point of time have covered not only the entire working expenses but has also helped to contribute a Dividend of 4% to the General Exchequer.

Q: 41. The railway freight rates for commodities generally consumed in the country, and also exported should not fluctuate according to the competitive conditions in the export market.

Q: 42. To deal with this question, comparative statements of pre-war and post-war traffic in pipes and castings are required to be prepared. We are not in a position to prepare such a comparative statement for the pre-war period, as the necessary information for preparing such statement is not available, the records having been destroyed. It may be stated generally that in the pre-war period, we used to export a fair volume of castings of various description in the different Far East market. This export ceased during the war. The export market has now been opened and we are trying to regain this export market for all kinds of castings including Soil and Rain Water Pipes but excluding C. I. heavy and pressure pipes.

Q: 43. So far as location is concerned, our Kulti Works was established over 70 years ago, and therefore the 1948 railway freight structure had no influence on the location. The pace of development of the industry continued in the natural course.

The 1948 Railway freight structure by the cancellation of the old special rates, and the adoption of new telescopic scale of rates has considerably enhanced the rates for our cast iron products, and we are experiencing severe competition from other foundries established long after ours.

Q: 44. We generally quote f.o.r. forwarding station. The price at destination stations is controlled by the dealers depending on various factors according to market condition and competition. These figures are not available with us.

Q: 45 to 47. No remarks.

Q: 48. The Indian Iron & Steel Co. is extending the manufacture of Spun Iron Pipes and a new plant is being installed for the manufacture of Spun Iron Pipes covering the sizes from 9" to 27" with a monthly rated capacity of 9,000 tons. Additional Plant is also being installed for the manufacture of Standard fittings necessary for the additional pipe production. Approximate estimate is that present production will be trebled.

Q: 49 & 50. The volume of despatches of Kulti products will be approximately three times the quantity we are despatching at the moment.

Lengths of movement will be as in the past, i. e. all over India.

Q: 51 to 55. No remarks.

Statement "B" referred to in reply to Question No. 1 (a) Part I-A.

**THE INDIAN IRON & STEEL CO. LTD., KULTI WORKS.**

Comparative Rates per Maund for Cast Iron Pipes at the Pre-War C. J. Schedule Rates with the Post-War Standard Telescopic Class 3 Rates from 1-10-1948 and from 1-4-1955.

Miles	Pre-War	Post-War		Increase % on	
	C. J. Schedule	Class 3 from 1-10-48	Class 3 from 1-4-55	Col. 3	Col. 4
1	2	3	4	%	%
	Rs. a. p.	Rs. a. p.	Rs. a. p.		
20	0 0 8	0 1 0	0 1 1	150%	163%
50	0 1 7	0 2 5	0 2 8	153%	168%
100	0 3 2	0 4 10	0 5 4	135%	168%
150	0 4 9	0 7 3	0 8 0	153%	168%
200	0 6 2	0 9 8	0 10 8	157%	173%
300	0 8 4	0 14 6	1 0 0	174%	192%
400	0 10 0	1 3 0	1 4 6	190%	205%
500	0 11 8	1 7 6	1 9 0	201%	214%
600	0 12 9	1 12 0	1 13 6	220%	231%
700	0 13 10	2 0 1	2 1 0	231%	239%
800	0 14 8	2 4 2	2 4 6	247%	249%
850	0 15 1	2 6 3	2 6 3	254%	254%
900	0 15 6	2 8 3	2 8 0	260%	258%
1,000	1 0 4	2 12 4	2 11 6	271%	266%
1,100	1 1 2	3 0 5	2 15 0	282%	274%
1,200	1 2 0	3 4 6	3 2 6	292%	281%
1,300	1 2 10	3 8 7	3 6 0	300%	287%
1,400	1 3 8	3 12 8	3 9 6	308%	292%
1,500	1 4 6	4 0 0	3 13 0	312%	298%
1,550	1 5 4	4 0 0	3 13 0	300%	286%

## THE INDIAN IRON &amp; STEEL CO. LTD. (KULTI WORKS.)

## C. I. CISTERN.

Comparative Rates per maund for C. I. Cistern at the Pre-War Rate with the Post-War Rate (Standard Telescopic Class) from 1-10-48 &amp; 1-4-1955

Miles	PRE-WAR			POST-WAR					Percentage Increase Col. 6 over 1
	2nd Class @ 42 pie per maund per mile.	2nd Class 46 pies per maund per mile.		4th Class from 1-10-48 W/545 mds.	5th Class from 1-10-48 smalls	4th Class from 1-4-55 W/545 mds.	5th Class from 1-4-55 smalls		
	1	2	3	4	5	6			
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.		
20	0 0 8	0 0 9	0 1 1	0 1 2	0 1 2	0 1 3	188%		
50	0 1 9	0 1 11	0 2 8	0 2 10	0 2 11	0 3 2	181%		
100	0 3 6	0 3 10	0 5 3	0 5 8	0 5 9	0 6 3	179%		
150	0 5 3	0 5 9	0 7 11	0 8 6	0 8 8	0 9 5	179%		
200	0 7 0	0 7 8	0 10 6	0 11 4	0 11 6	0 12 6	179%		
300	0 10 6	0 11 6	0 15 9	1 1 0	1 1 3	1 2 9	179%		
400	0 14 0	0 15 4	1 4 7	1 6 3	1 6 1	1 8 0	171%		
500	1 1 6	1 3 2	1 9 5	1 11 6	1 10 11	1 13 3	167%		
600	1 5 0	1 7 0	1 14 3	2 0 9	1 15 9	2 2 6	164%		
700	1 8 6	1 10 10	2 2 9	2 5 7	2 3 7	2 6 7	157%		
800	1 12 0	1 14 8	2 7 3	2 10 5	2 7 5	2 10 8	152%		
850	1 13 9	2 0 7	2 9 6	2 12 10	2 9 4	2 12 9	150%		
900	1 15 6	2 2 6	2 11 9	2 15 3	2 11 3	2 14 9	148%		
1000	2 3 0	2 6 4	3 0 3	3 4 1	2 15 1	3 2 10	145%		
1100	2 6 6	2 10 2	3 4 9	3 8 11	3 2 11	3 6 11	143%		
1200	2 10 0	2 14 0	3 9 3	3 13 9	3 6 9	3 11 0	140%		
Bombay Via NYN. 1155	1 0 0	(Special Rate cancelled from December/47).		3 6 1			(338% col : 5 over 1.)		

APPENDIX 'E' (referred to in reply to Q: 2 (a) Part I-A.)

## THE INDIAN IRON &amp; STEEL COMPANY, LTD., (KULTI WORKS.)

COMPARATIVE STATEMENT OF WAGONLOAD SCALE RATE WITH CLASS RATE FROM 1st APRIL, 1955.

Distance	1st Class	W. L/C	3rd Class	W. L/E	4th Class at O/R	W. L/H O/R	5th Class
Miles	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
100	0 4 6	0 2 10	0 5 4	0 3 7	0 5 9	0 4 0	0 6 3
200	0 9 0	0 5 7	0 10 8	0 7 2	0 11 6	0 8 0	0 12 6
300	0 13 6	0 8 2	1 0 0	0 10 9	1 1 3	0 12 0	1 2 9
400	1 1 3	0 9 7	1 4 6	0 12 6	1 6 1	0 14 11	1 8 0
500	1 5 0	0 11 0	1 9 0	0 14 3	1 10 11	1 1 10	1 13 3
600	1 8 9	0 12 5	1 13 6	1 0 0	1 15 9	1 4 9	2 2 6
700	1 11 7	0 13 10	2 1 0	1 1 3	2 3 7	1 6 8	2 6 7
800	1 14 5	0 15 3	2 4 6	1 2 6	2 7 5	1 8 7	2 10 8
900	2 1 3	1 0 8	2 8 0	1 3 9	2 11 3	1 10 6	2 14 9
1000	2 4 1	1 2 1	2 11 6	1 5 0	2 15 1	1 12 5	3 2 10

## APPENDIX "F" referred to in reply to Question No. 3 of Part I-A

## THE INDIAN IRON &amp; STEEL CO. LTD. (KULTI WORKS.)

## SOME COMMODITIES FOR WHICH WAGONLOAD SCALES APPLY.

Commodities	Price	Wagonload Scales		General Classification R/R	O/R
Bicarbonate of Soda.	490/- per ton.	RR 'L'	W. L/B.	4	-
Bricks Common.	52/- %o	OR 'L'/RR 'L'	W. L/C./W. L/CR.	1	-
Caustic Soda.	1,120/- per ton.	RR 'L'	W. L/B	4	-
Cement.	75/- " "	RR 'L'	W. L/E	3	-
Fireclay M. G.	68/8/- " "	OR/RR	W. L/C/W. L/CR	1	-
Flour.	20/- per maund.	RR 'L'	W. L/H	3	-
Pig Iron.	163/- per ton.	OR/RR	W. L/C/W. L/CR	1	-
Refractory Bricks:		RR	W. L/F	1	-
(a) Standard Firebricks	75/- per ton.			3	
(b) Magnesite	1,000/- per ton.				
Tar.	80/- per ton.	OR	W. L/F	4	3
Timber N. O. C.	Rs. 500/- to Rs. 1000/- per ton of 50 cft. }	RR	W. L/E	2	-
Lower Class Rate for Wagonload.					
Cast Iron Pipes	400/- per ton.	RR 'L'	3	4	-
Cast Iron Cisterns	750/- per ton.	RR 'L'	4	5	-





## ANNEXURE H-1.

(Referred to in reply to Question No. 28 Part I-A.)

*Copy of letter No. RCT. 1338 dated 23-4-51 from the Chief Traffic Manager, G. I. P. Railway Bombay, to the Commercial Traffic Manager, (R & D), B. N. Railway, Calcutta.*

Re. Rate for Cisterns from Bisco to Bombay.  
Your No. RA. 41/77 No 1 dated 20-3-1951.

In this connection I enclose for your information a copy of my HQ TCR's report which is self-explanatory.

In view of what has been stated by the T. Cr. I consider that this traffic can very well bear the present tariff rate ex Bisco to Bombay, with a fair margin of profit to the dealers at this end.

*Copy of letter No PD. Misc. 51 of 16-4-51 from T.Cr. HQ to C.T M, Bombay*

**Rates for Cisterns.** I contacted various Sanitaryware merchants of Bombay and my enquiries with them reveal as follows:—

Cisterns are received in Bombay market mainly from Calcutta. Sometimes back 'Venus' cisterns were received in Bombay from Kathiawar but as they were found unsuitable in service they were not passed by the Bombay Municipality. Recently one new factory Indian Foundries has started manufacturing cisterns in Bombay also. Sometimes Cisterns are received from foreign countries also.

The prices of cisterns in Bombay vary as follows:—

Typhoon	3 gallon capacity	Rs. 41
Indian Foundries	"	Rs. 39
Carron (English)	"	Rs. 80
Antimos	"	Rs. 120

Due to the high cost of English cisterns, Bombay market mainly depends on Typhoons, as they are better in quality and service than those manufactured by M/s. Indian Foundries. Furthermore Typhoon is in an unique position in that it is in the market for good number of years and is famous throughout India.

The firm's contention that they are not able to compete in Bombay market with locally manufactured as well as English stuff is obviously without foundation. On the contrary a product like Typhoon which has got a great demand in Bombay market and can withstand in competition with the English stuff which is handicapped by its higher price, should not be dependant on the Railway Freight and I consider that even in the absence of any reduced rate, the stuff will continue to move and find a better position in the Bombay market.

## ANNEXURE H-2.

(Referred to in Question 28 of Part I-A.)

*Copy of letter No. 44-Sp I/2828. date dthe 1st May, 1951. from The Indian Iron & Steel Co Ltd., 12, Mission Row, Calcutta to The Commercial Traffic Manager, B. N. Railway, Kidderpore, Calcutta.*

Rates for Cast Iron Cisterns from Kulti, Bisco to Bombay and Madras.

Your No. RA. 41/77 of 20-3-50.

We now give you some further information in support of our claim for station-to-station rates for Cast Iron Cisterns. As you are aware, we are large manufacturers and distributors for various kinds of Cast Iron goods among which are Cast Iron Cisterns and Pipes. Unfortunately, there is an anomaly in the present railway classifications in as much as certain kinds of castings like Cisterns are under Iron and Steel Div. 'A', and Pipes under Iron and Steel Div. 'B'. From an examination of the articles placed under Iron and Steel Div- 'A' and 'B', it will be seen that Cisterns should rightly be placed under Div. 'B'.

Furthermore, under the revised Rates Structure said to have been fixed on a rational basis, there are some 13 Telescopic wagon load scale of rates, but such articles like Cisterns and Pipes have not been placed under any of these wagonload scale of rates. What has been done is that the previous standard telescopic class rates on actual weight, viz. class 4 for Iron and Steel Div. 'A' and class 3 for Iron and Steel Div. 'B' have been quoted as wagon load rates, and the classification for actual weight rate

has been raised to class 5 for Iron and Steel Div. 'A' and class 4 for Iron and Steel Div. 'B'.

You are no doubt aware that our Cast Iron flushing Cisterns are largely used for sanitary purposes in conjunction with our Cast Iron Pipes and it is only reasonable that cisterns and pipes should be considered parts of sanitary flushing system and as such their railway freight charges should be the same.

Of late our sales in those flushing materials for sanitary purpose have gone down considerably, having to face competition with the locally manufactured ones. At present there are station-to-station rates of Rs. 1-6-10 per md. and Rs. 1-5-9 per md. W/300 L from Bisco to Bombay and Madras respectively for Pipes and we would request to apply these rates to cisterns.

As the questions relating to anomalies in the classification and fixation of suitable wagon load scale of rates for cisterns are likely to take time for the consideration of the Railways, our prayer is that the present station-to-station rates for pipes may be applied to cisterns for traffic from Bisco to Bombay and Madras with immediate effect.

We await your early reply.

## ANNEXURE H-3

(Referred to in reply to Q : 2 of Part I-A.)

*Copy of letter No. 44 Spl./2833, dated the 1st May 1951, from The Indian Iron & Steel Co. Ltd., Calcutta, to The Chief Commercial Manager, E. I. Railway, Koilaghat, Calcutta.*

Rates for Cast Iron Cisterns from Kulti to important stations on E. I. Railway.

As you are aware, we are large manufacturers, and distributors, for various kinds of cast iron goods among which are cast iron cisterns and Pipes. Unfortunately, there is an anomaly in the present railway classifications in as much as certain kinds of castings like cisterns are in Iron & Steel Division 'A' and pipes in Iron & Steel Divisions 'A' and 'B', it will be seen that cisterns should rightly be placed under division 'B.'

Furthermore, under the revised Rates Structure said to have been fixed on a rational basis, there are some 13 Telescopic wagon-load scale of rates, but such articles like cisterns and pipes have not been placed under any of these wagon-load scale of rates. What has been done is that the previous standard telescopic class on rates on actual weight, viz. class 1 for Iron and Steel division 'A' and class 3 for Iron and Steel division 'B' have been quoted as wagon-load rates, and the classification for actual weight rate has been raised to class 5 for Iron and Steel division 'A' and class 4 for Iron and Steel division 'B'.

You are no doubt aware that our Cast Iron flushing Cisterns are largely used for sanitary purposes in conjunction with our

Cast Iron Pipes and it is only reasonable that cisterns and pipes should be considered parts of sanitary flushing system and as such their railway freight charges should be the same. If you will refer to your previous goods pamphlets you will see that the station-to-station rates for Iron and Steel division 'A' and 'B' from Kulti, Kumardhubi, Barakar, Burnco Sdg. to hundreds of E. I. Railway stations and *via* including important stations like Kanpur, Agra, Delhi etc. were the same.

Of late our sales in those flushing materials for sanitary purpose have gone down considerably, having to face competition with the imported goods and locally manufactured ones. At present there are some twenty station-to-station rates for Pipes and we would request to apply these existing rates for Pipes to Cisterns from Kulti to Howrah, Kanpur, Delhi and New Delhi for the present.

As it would no doubt take some time to consider the question of removing the anomaly in the classification of Cisterns and the application of suitable wagon-load scale of rates, would you kindly consider the application of the existing station-to-station rates for pipes traffic to cisterns as well with immediate effect.

We wait your early reply.

## ANNEXURE H-4

(Referred to in reply to question 28 of Part I-A)

*Copy of Letter No. 19/3372, dated 22nd May, 1951, from the Indian Iron & Steel Co., Ltd., Calcutta, to The Commercial Traffic Manager, B.N. Railway, Kidderpore, Calcutta.*

Re: Rates for cast iron cisterns from Bisco to Bombay and Madras.

We are in receipt of your letter No. RA/77 No. 1 dated the 11th instant and are disappointed to note that you are unable to apply the existing special rates for Iron or Steel Pipes from Bisco to Bombay and Madras to cisterns as requested in our letter dated 1st May, 1951.

We are not aware if due consideration has been given to the various points raised in our letter to support and justify our reasonable claim and we would be glad to know the grounds which have prompted you to refuse to introduce station-to-station rates for cast iron cisterns.

We may add here that from 1st December, 1946 there was a station-to-station rate of Re- 1/- per maund for cisterns from Kulti to

Bombay which was subsequently cancelled by the E.I.R. in December, 1947. A special rate of Re. 0-13-6 per maund from Bisco to Bombay for C.I. Columns was in existence under Iron & Steel Div. A, which is the same category for cisterns.

In our previous letter we had pointed out that cisterns are unable to bear the present freight rates to Bombay and Madras and we submit that the elimination of inter-railway competition as a result of nationalisation of the Indian Railways should not be taken advantage of to deny the trade and industry of the country the former system of furnishing freight concession.

We shall be obliged if you will review the position and let us have your decision at an early date.

## ANNEXURE H-5

(Referred to in reply to question 28 of part I-A)

Copy of letter No. R.A 41/77 No 1 Dated 21-6-51. From the Commercial Traffic Manager, B.N. Railway, Calcutta, To Messrs Martin Burn Ltd., Mg. Agents. The Indian Iron and Steel Co. Ltd 12 Mission Row, Calcutta.

Re. Rates for Cast Iron Cisterns from Bisco to Bombay and Madras.

Ref. Your letter No. 19/3372 dated 22-5-51.

Cast Iron cisterns have been indexed to Iron and Steel Division 'A' since 1-10-'38 according to the decision of the Commercial Committee. The consideration that led to the revision of the classification of cast iron cisterns *vis-a-vis* cast iron pipes was that the basic heavy iron products used for building and structural works and also the commoner finished products that were cheap and largely used for commercial and industrial purposes should come under Iron or Steel Div. 'B' and that the fabricated articles of higher class and value which included cistern should come under Iron or Steel Div. 'A'. I, therefore, regret that I do

not find any justification for placing cast iron cisterns under Iron or Steel Div. 'B'.

Although the use of cast iron cistern and cast iron pipes is inter-connected as stated in your letter No. 19/887 dated 3-2-1951 there is no denying the fact that cast iron cisterns are of higher value than cast iron pipes. Besides, enquiries made by the G.I.P. Railway show that the traffic in cisterns from Bisco to Bombay can very well bear the existing ordinary rate with a fair margin of profit to the dealers, vide an enclosed copy of the G.I.P. Railway's letter No. RCT 1338 dated 23-4-51.

In the circumstances, I regret I am unable to accede to your request to apply the existing special rates for cast iron pipes from Bisco to Bombay and Madras to cast iron cisterns.

## ANNEXURE H-6.

(Referred to in reply to question 28 of Part I-A)

Copy of letter No. 11/5837 dated, the 4th September, 1951. From: M/s Indian Iron & Steel Co. Ltd., 12, Mission Row, Calcutta, to The Commercial Traffic Manager, B. N. Railway, Calcutta

(a) Anomalous Classification of Cisterns (Cast Iron).

(b) Station to Station Rates for Cisterns from Bisco to Bombay and Madras.

Your No. RA/41/77 No. 1 of 10-8-51.

We have already adduced enough facts and figures vide our letters of 15/3/51, 1/5/51, 22/5/51 and 11/7/51 to prove how the present arbitrary method of dividing Iron & Steel materials into two divisions 'A' and 'B' for the purpose of railway freight charges has placed the Railways in an anomalous position by transferring C. I. Cisterns to Div. 'A' by which act our traffic in Cisterns has been denied the right of availing of the special rates for Iron & Steel Division 'B' which was the old classification of C.I. Cistern.

We have also brought to your notice the apparently irrational manner in which the scale of rate for wagonload traffic for Cisterns (under Iron & Steel Div. 'A') has been fixed by raising the old classification of 4 Class RR to 5 class RR and applying the 4th Class to wagonload traffic, and denying this traffic one of the standard wagonload scale of rates and thus subjecting it to undue prejudice and disadvantage.

We have also shown how by your unreasonably refusing to quote station-to-station rates our Cisterns are being under quoted in the Bombay market by the local manufacturers who have not to pay the long distance railway freight from Bisco to Bombay and who presumably use the local Scrap iron as the basic raw material, thereby escaping railway freight altogether.

We would again give the following facts and figures from the latest report of our Bombay office:—

'IF' Cisterns manufactured by the Indian Foundries in Bombay are sold at Rs. 36/- each delivered at buyer's godown, in whole-sale or retail; the method of payment is generally from 30 to 60 days' credit.

Compared with the above our Cistern "Typhoon", the popular brand, is sold at Rs. 40/- each, made up as follows:—

Price F.O.R. Works.	Rs. 35/-.
Railway freight to Bombay.	Rs. 4/-.
Clearing, handling, taxes etc.	Re. 1/-
	<u>Rs. 40/-.</u>

We would also mention for your information how our previous selling prices for "Typhoon" brand Cistern varied from time to time:—

Year.	Rate per each
	F. O. R. Works.
1946 ...	Rs. 29/-.
1947 ...	" 30/-.
1948 ...	" 33/-.
1949 to 1951 ...	" 35/-.

The above figures show that whilst our selling price has increased by about 20%, the railway freight charge of Re. 1/- per maund from Kulti to Bombay has been enhanced by the application of the new rates structure to Rs. 3/8/3 per maund, amounting to an increase of 250%.

We have also pointed out to you how by developing this traffic to Bombay the Railways stand to increase their revenue.

In view of our having established the case for our Cisterns being charged as for pipes (Iron and Steel Division 'B'), we suggested to you the easiest course of action, namely to apply the special rates for pipes to our Cisterns, since the revision of the classification and fixing of a wagonload scale for

Cisterns will take some considerable time. We have also mentioned that in the case of pipes (Iron and Steel Division 'B'), the status-quo has been maintained by retaining the special rates on a higher basis, but the same has not been done in case of Cisterns, for which the special rate to Bombay was altogether cancelled.

We now look forward to your early decision.

#### ANNEXURE—A-7.

*(Referred to in reply to Question 28 of Part I-A.)*

*Copy of letter No. 4552/12 dated The 11th July, 1951 from the Indian Iron and Steel Co Ltd., 12, Mission Row, Calcutta, to The Commercial Traffic Manager, B' N Railway Calcutta.*

For the attention of Mr. B. K. De.

Rates for Cast Iron Cisterns from Bisco to Bombay and Madras.

We thank you for your letter No. RA/41/77/2101 of the 21st June and appreciate the trouble you have taken in explaining the position to us.

We have noted that Cast Iron Cisterns were transferred from Iron and Steel Division "B" to Iron and Steel Division "A" in October 1938. We are, however, not sure that the Commercial Committee took into consideration all the relevant facts which affect the scale of cisterns in the different parts of the country.

The definition of Iron and Steel Division "B" is explained to include basic heavy iron products used for building and structural work and also the common finished products that are cheap and largely used for commercial and industrial purposes. Iron and Steel Division "A" on the other hand includes fabricated articles of higher class and value under which Cast Iron Cistern is placed. It is presumed that there is no weight limit for basic heavy iron products in order to distinguish whether an article is to come under Division "A" or Division "B". Fabricated steel, Bolts, and Nuts, Rivets, Shafting Hoops, etc. listed under Division "B" are very much more expensive than tanks and Cisterns listed under Division "A". Anomalies also exist in the classification since cooking utensils, poles, etc. have been placed under Division "B" whilst notars pastels, Lamp Posts, etc. come under Division "A". The same article may be used for various purposes and an attempt to classify commodities according to their uses, we feel is hardly possible without showing undue preference.

You will realise that there may be a large variation in the prices under one and the same class of goods and it is difficult for the Railways to classify these varieties separately. As an example, piecegoods may be taken, varieties range from Re 1/- per yd. to Rs. 50/- per yd. Dhoties and Saris vary from Rs. 3/- a piece to Rs. 50/- or Rs. 60/- a piece. The same rate of freight, however, applies to all varieties of piecegoods.

We are of the opinion that the classification of commodities should be established by taking the following factors into consideration:—

- (a) Value of commodity.
- (b) The liability to damage in transit.
- (c) Weight in proportion to bulk.
- (d) The nature of packing and cost of handling.

We suggest that the existing classification of Iron & Steel does not fully take into account the factors mentioned above.

We note that you agree that Cast Iron Cisterns and Cast Iron Pipes are inter-connected but you are reluctant to consider a reduction in freight rate for cisterns because prices of cisterns are higher, by Rs. 5/- or Rs. 6/- per maund than that of pipes. May we here point out that included in a complete cistern there are non-ferrous fittings costing approx. Rs. 14/- per set, which articles are not manufactured by this Company. The report received by you from the G. I. P. Railway that our cisterns sell in Bombay at Rs. 41/- each and the Indian Foundries at Rs. 39/- each is not correct. We have made thorough investigations and the Indian Foundries cisterns are actually sold at Rs. 36/- each, i. e. Rs. 5/- per unit less than our make. Our Bombay Office have drawn our attention to the severe competition and have stated that unless the landed price is brought down to the level of other makes, sales will definitely fall. The margin of profit included in our selling price is nominal and the present cost of production does not warrant a reduction in the selling price.

The E. I. R. had a special rate of Re. 1/- per md. for traffic of cisterns from Kulti to Bombay which was subsequently cancelled. The rate from Bisco to Bombay, under the new rate structure is Rs 3-8-3 per md., which means an enhancement of over 250%. We are aware that the working expenses of the Railways have advanced and the enhanced cost must be met by an equitable distribution on all traffic. In the case of Iron & Steel Division "B", the "status quo" has been maintained by continuing the special rates on higher basis, unfortunately the same consideration has not been given to the traffic of cisterns. In our last letter we referred to the irrational manner in which the scale of rates for wagon load traffic has been fixed for cisterns, by denying this traffic the telescopic wagon load scale, the movement has been placed under undue prejudice and disadvantage.

In conclusion may we point out that Bombay is a very large potential market and every wagon load of cisterns from Bisco



that may be replaced by local manufacturers, amounts to an entire loss of freight to the Railways, in addition to earnings on raw materials such as Iron Ore, Coke, etc. We are definitely of the opinion that cisterns manufactured at Kulti cannot bear the existing freight and unless a substantial reduction

is offered, the traffic from our Works to Bombay will disappear in course of time. We shall be glad if you will reconsider your decision and advise us whether a station-to-station rate to Bombay can be introduced.

#### ANNEXURE H-8.

*Referred to in reply to Question 28 of Part I-A.*

*Copy of letter No. CR/ISM/BT. 547 dated 27th December, 1951, From: The Chief Commercial Manager, East Indian Railway, 3 Koilaghat St., Calcutta to The Sales Manager, Messrs. The Indian Iron Steel Co. Ltd., 12, Mission Row, Calcutta I.*

Rate for Cast Iron Cisterns from Kulti. Your letter Nos. 44. Spl. 2833 of 1-5-51 & 19/4647 dated 17-7-51.

The question of applying the existing station to station rates for Cast Iron Pipes to traffic in Cisterns as well has been carefully examined and it has been found that the Cast Iron Cisterns manufactured at Kulti do not face competition with imported and locally manufactured goods to an extent necessary to warrant the introduction of special rates to the level of those applicable to Cast Iron Pipes.

In order to enable me to examine whether the classification for Cisterns and Pipes should be equal, will you kindly furnish me with the following particulars:—

(1). Which of the articles indexed to the

main head of Iron or Steel division A & B of I. R. C. A. Goods Tariff No. 28 are actually manufactured by your firm.

(2). For each such article please let me know—

- (a) its weight per cubic foot as packed,
- (b) its value per maund,

(c) its nature of packing and the extent to which it can be loaded in a wagon,

(d) its unit of sale,

(e) its liability to damage,

(f) its liability to damage other goods with which it is loaded and

(g) its nature of service.

#### ANNEXURE H-9.

*Referred to in reply to question 28 of Part I-A.*

*Copy of letter on ISC/CDN-II/IO(52)/2376 from the Iron & Steel Controller, Calcutta, dated 8/9th August 1951. To M/s. Indian Iron & Steel Co. Ltd., 12 Mission Row, Calcutta and M/s. Mysore Iron and Steel Works Ltd., Bhadravati.*

Sub: Recommendations of the Environmental Hygiene Committee—Cast Iron pipes.

The following extract is quoted from chapter V of the Report of the Environmental Hygiene Committee, October, 1949, (published by the Manager of publications, Government of India, Delhi):

“The greatest handicap to the construction and maintenance of water works today is the lack of materials. Cast Iron Pipes, specials and valves, galvanized iron pipes, pumping machinery, cement, bricks, steel and chemicals (such as alum and chlorine) are all in short supply.

About 70 to 80% of the cost of a water supply goes into pipes. These are particularly unobtainable. There are only two pipe factories in India for manufacturing Cast Iron pipes, in addition to one small pipe factory at Tatanagar. The Bhadravati Pipe Factory has a total capacity of only 7,000-8,000 tons per annum and its entire output is taken up by the Mysore State for its own needs. Its output is booked for some years. The Isco Stanton Pipe factory at Kulti manufactures Cast Iron Spun Pipes upto 12 inches in diameter. It manufactures larger sizes of straights and all kinds of specials by

sand moulding. Its total capacity of 6,000 tons per month is split amongst Cast Iron Railway Sleepers, sugar rolls, and pipes & specials. Actually the factory is producing only 2,000 tons of Cast Iron Pipes and Specials, a month. We understand that there is a lack of balance between pipes and specials that orders for special steels are unduly large, that the highest priorities, have been given to the Sindhri Fertiliser Project and the Delhi Water Supply, and that even articles manufactured cannot be cleared from the yards quickly enough owing to lack of transport facilities for customers. On the other hand, there are water supplies which have been completed for over a year but cannot be put into commission for want of one to five specials.

This is a most unsatisfactory position. New Water supplies cannot be built according to any plan if we depend on a single factory for supply of Cast Iron Pipes, and that too of small capacity. We cannot and should not import cast Iron Pipes from abroad owing to the urgent need for conserving foreign exchange for other purposes.

Our short-term plans envisage an expenditure of about Rs. 15 crores a year for five years on water supplies. At least Rs. 8 to 10 crores a year will be spent on Cast Iron

Pipes and we need a minimum of about 150,000 tons of these pipes per annum. This demand will be kept up over a number of years. The present output is only 24,000 tons a year. Government should take immediate steps to put up Cast Iron Pipe factories of a capacity of 12,000-15,000 tons per month. We understand that this can be done with a capital outlay of about Rs. 2 crores and within a period of about 18 months.

The capital expenditure will be fully covered by the value of the output in two to three years. This is a key industry and we urge most emphatically that Government should take steps immediately and this within two years.

It is necessary to examine how the expansion plans of the main producers, proposed to be completed within the next 5 years will meet the requirements estimated by the Environmental Hygiene Committee, and what further steps, if necessary, should be taken to bridge the gap between supply and demand so far as the Committee's plans are concerned. Will you kindly therefore let me have your remarks so far as the Committee's suggestion that Government should take immediate steps to install Cast Iron Pipes Foundries with a capacity of 12,000 to 15,000 tons per month. It is presumed that you must be having some scheme for expansion of your Cast Iron Pipes Foundry and if so, details of the same may be indicated mentioning in particular the increased capacity likely to be available of cost iron pipes and specials.

#### ANNEXURE J-1.

*Referred to in reply to question 28 of Part 1-A.*

*Copy of letter No. 3/44-A/14480 of 3-4-1950*

*From: The Sales Manager, Indian Iron and Steel Co. Ltd., 12, Mission Row, Calcutta.  
to the Commercial Traffic Manager, B N Railway, Kidderpore, Calcutta.*

Special rate for C. I. Pipes from Bisco to Tatanagar.

Your letter No. RA-41/77 No. 1 of 6-2-1950.

In your letter you conveyed your decision to cancel the special rate of Re. 0/4/3 per maund R/R: W/300, L from Bisco to Tatanagar with effect from 1-4-50. As a matter of fact this rate has been officially notified vide your L.R.A. No. 3 of 1950.

We appreciate that the railways are guided by actual traffic moved, and the traffic to Tatanagar during the last year was not at the level expected by you. What we, however, wish to stress here is that we have long-standing business relations with the Tata Iron & Steel Co., Ltd., who, with their associates, Tata Locomotive and Engineering Co., Ltd., favour us with substantial business. The special rate of freight may be assumed to have made not an inconsiderable contribution towards maintaining this business.

That the traffic was low last year was not due to lack of business from Tatas, but for some unavoidable reasons satisfactory des-

patches could not be effected. We have still an appreciable tonnage on order, which we expect to move during the current year, apart from additional orders which we hope to receive in future. Our contention is that traffic has not stopped; on the contrary, there will continue to be a regular flow of goods as in the past, though no uniform rate of despatch can be guaranteed due to our having to effect supplies against priority demands from the Government of India from time to time.

We would, therefore, request you to review the position again, having regard to the facts we have explained above, and let us know your decision at an early date.

*C.C. M/s. The Tata Iron and Steel Co., Ltd., Jamshedpur.*

This is in continuation of our letter No. 44-A/7271 of 15-2-50 to which, we regret, we have received no reply. You are no doubt aware that our rates being f.o.r. Kulti, the railway freight is to your account, and it is therefore to their interest too to attempt retaining the special freight.

#### ANNEXURE J-2

*Referred to in reply to question 28 of Part I-A.*

*Copy of letter No. CR/1-Iron/Pt. 15/172. Dated, the 6/9th August 1951. From The Chief Commercial Manager, East Indian Railway Calcutta, to: The Sales Manager, The Indian Iron & Steel Co. Ltd., Calcutta-1.*

Re: Rates for Iron & Steel Division 'B'

Ref: Your No. 26650/44A of 22-6-51.

With reference to your above it may please be noted that the figure shown in Column 5 page 25 of I. R. C. A. Goods Tariff No. 28 are the statutory minima in respect of standard telescopic class rates

and are not to be confused with the working minima under the rate reducing powers of Railway which, in respect of Iron or Steel Division B, has been fixed at a 40% reduction in the basic rate plus terminal charges or .20 pie per maund per mile plus terminals whichever gives the higher rate, as explained below:—

(1) Commodity.	(2) From	(3) To	(4) Distance Miles.	(5) Ordy. tariff rate Plus terminal charges
Iron or Steel Div. B. W/300; L (for C. I. Pipes only).	Kulti,	Delhi.	762	Rs. a. p. 2 2 8 } (3d term) 0 1 0 <hr/> 2 3 8

(6)  
Rate on 40% reduction plus  
terminal charges.

Rs. a. p.  
1 4 10  
0 1 0  

---

1 5 10

(7)  
Rate on .20 pie per md. per mile  
plus terminal charges.

Rs. a. p.  
0 12 9  
0 1 0  

---

0 13 9

(8)  
Spl. rate introduced  
from 21-5-51.

Rs. a. p.  
  
1 5 10

I trust the above makes the position clear to you.

### ANNEXURE J-3

*Referred to in reply to question 28 of Part I-A.*

*Copy of Circular Letter No. CR/5/GIP/Pt 4 dated the 28th August, 1954.*

From: The Chief Commercial Superinten-  
dent, Eastern Railway, Calcutta.

To: The Goods Supervisor Eastern  
Railway, Howrah/Sealdah/Chitpore  
/Cossipore Road,

The Head Goods Clerk, Eastern Railway,  
Ultadanga.

The Goods Accountant, Eastern Railway  
Howrah.

The Chief Goods Clerk, C. P. C. Railway  
Ruthollah/Saheb Bazar.

The Head Goods Clerk, C.P.C. Railway,  
Cossipore/Bagh Bazar/Nimtollah.

The Docks Manager, K. P. Docks Calcutta/  
The Goods Clerk, Eastern Railway, Kulti.  
Patna Jn/Ramkrishnapore.

The Station Master, Eastern Railway  
Jamalpur/Burdwan.

Copy forwarded for information to the :  
M/s Indian Iron & Steel Co. Ltd., 12 Mission  
Row, Calcutta.

Re- Rates for Cast Iron Pipes.

With effect from 15-10-54, the special  
rates for Cast Iron pipes as shown in  
Appendix A to this circular Letter will be  
cancelled and withdrawn.

Please note.

### Appendix 'A' to Circular Letter No. CR/5-GIP/ Pt. 4 dt/- 28-8-54.

Articles	From	To	Route	Rate per Md.	Reference to page of E. Rly. Goods Pamphlet Pt. 1-B No. 1 of 1953.
Iron or Steel Division B W/300, L	Kulti	Howrah *	Via Moghalsarai	0 6 0 **	9
		Patna Jn.		0 8 0	
		Jamalpur		0 6 5	
		Burdwan		0 3 6	
		Hatbras Jn.		1 3 5	
		Hatbras			
		Kilah		1 3 7	
		Allahabad		0 11 11	
		Kanpur C.G.S.		0 15 8	26
		Ghaziabad		1 5 6	
		Aligarh		1 3 11	
		Belanganj		1 3 1	
		Bareilly		1 2 5	**
		Delhi		1 5 10	
		Lucknow		0 14 6	
		Moradabad		1 3 9	
		Faizabad		0 12 11	
		Etawah		1 1 3	
		Saharanpur		1 6 9	
		Meerut City		1 5 9	
		Benaras Cantt.		0 10 1	
		Dehradun		1 7 6	
		New Delhi		1 6 4	
		Delhi Kishanganj		1 6 4	**
		Simla		2 4 10	
		Kalol		2 4 9	27
		Udaipur	Via Moghalsarai & Agra East Bank	1 15 8	
		Bikaner	Via Moghalsarai & Agra East Bank, Kucha- man Road and Chilo.	2 3 4	

\* In case of booking to and from Kidderpore Docks, the C.P.C. Rly. Local Haulage Charge of 6 pies per md. should be levied in addition and shown separately on the invoices.

\*\* These rates apply to Cast Iron Pipes actually manufactured by the concern served by Kulti Station.

## ANNEXURE J-4.

*Referred to in reply to question 28 of Part I-A.*

*Copy of letter No. 44-A SPL/49068 dated 17-11-54 from The Sales Manager, Calcutta.  
to The General Manager, The Eastern Railway, Calcutta.*

Cancellation of Station-to-station Rates for Iron & Steel Div. B—C.I. Pipes from Kulti to all import stations on old E. I., now Northern Railway.

Your C.C.S' Circular letter No. CR/5-CIP/PT-4 of 28th August, 1954.

With reference to our letter No. 42859 dated 1-10-54, we suggest that in the past whenever major alterations in the freight charges affecting important national industries were contemplated by the Railways, the industries concerned were invariably consulted.

2. We are the largest manufacturers of C.I. Pipes in India which must be considered as an essential national industry, taking a prominent place in the Five Year Plan of the India Government.

3. The Chief Commercial Superintendent, in his above Circular letter, without any prior consultation, intimated the cancellation of all the special station-to-station rates for C.I. Pipes from Kulti, our works, to some 28 important stations most of which are on the old E. I. Rly. and now on the Northern Rly. with effect from 15th October, 1954.

4. Our request to the Chief Commercial Superintendent for the postponement of the cancellation, at least to a few of the more important stations, has not so far received a sympathetic consideration. We may point out that contracts have been entered into for the supply of C.I. Pipes at the old prevail-

ling railway freight rates which will not be completed till about the middle of 1955.

5. You are no doubt aware that out of all the articles under Iron & Steel Div. 'B' C.I. Pipes from Kulti on account of the national importance of this industry, were all along, from some 30 years back or more, granted over the old E. I. Rly. a general C/J Schedule rate and a large number of still lower station-to-station rates in local booking and in conjunction with foreign Railways over which no Schedule rates applied. There used to be a number of station-to-station rates over the foreign railways from the junctions with the old E. I. Rly. Therefore, for all practical purposes, C.I. Pipes from Kulti moved all over India, not at the then class rate but at very low rates in the form of Schedule rates and station-to-station rates.

6. We fully appreciate that owing to the general change of conditions after the last great war all industries including the Railways, all over India, nay all over the world, were faced with the over increasing cost of production necessitating upgrading of the selling prices of their products. Naturally the selling price of Transportation has to go up and the result was the revised Rate Structure introduced on Indian Railways from 1-10-1948 to meet the increased cost of working.

7. That the new Rate Structure has met the increased expenditure on the nationalised Indian Railways is seen from the following comparisons in the published reports on Indian Railways.

**I. Summary of Capital at charge, net revenue and percentage of net revenue on capital at charge :**

Year	(In Thousands of Rupees)		
	Capital at charge Government Railways.	Net Revenue Receipts.	Percentage of Net Revenue Receipts on Capital at charge.
1949—50	73,66,792	4,12,628	5'60
1950—51	82,70,379	5,25,387	6'35
1951—52	82,53,859	6,15,060	7'45
1952—53	82,81,907	4,69,687	5'67

8. With the introduction of the new Rate Structure from 1-10-1948, the old Schedule and Station-to-Station rates for C.I. Pipes were cancelled and some 28 station-to-station rates only on an enhanced basis were introduced from 1-10-1948.

9. On the other hand, in the case of Iron and Steel Division B the old B.N. Railway used to quote a Schedule rate viz. C/M from Tatanagar and Burnpore, Kumardhubi and a large number of special rates used to be quoted by the old E. I. Railway from the (Iron or Steel) manufacturing stations like Burnco Siding, Kumardhubi, Barakar, Kulti etc. The C/M Schedule was cancelled and revised twice, and the old special rates were cancelled or enhanced on all the railways on the introduction of new Rates Structure from 1-10-1948.

10. The rates for Iron and Steel division B were continually revised up to the end of 1949 and finally a general procedure of quoting reduced station-to-station rates, based at 40% less than class 3 rates plus terminals, introduced, and by that change, hundreds of station-to-station rates were introduced for Iron and Steel division B from Tatanagar, Burnpore, Burnco Siding etc.

11. In the meantime some of the special rates for C. I. Pipes were again enhanced from 21-5-51 by the then Chief Commercial Manager, E. I. Railway in his letter No. CR/1-Iron/FT. 14 SPL of 30-4-1951. When the C.C.M. was written to postpone the enhancement to enable us to go into the matter, it was explained by the C.C.M. in his letter No. CR/1/Iron/15/172 of 6/9-8-1951 (copy enclos-

ed) that the rate reducing power for Iron and Steel division B was 40% less than class 3 rate plus terminal or 20 pie per maund per mile plus terminal, whichever was higher, and as the special rates for C.I. Pipes in question, which fall under Iron and Steel division B, were below 40% less class 3 rate level, these rates were being brought up to that level, without making any change in the weight condition W/300 BG.

12. We were thus definitely assured by the C.C.M.'s said letter of 6/9-8-1951 that the principle of quoting station-to-station rates for Iron and Steel Division B generally under the rate reducing power of the Railway also applied to C. I. Pipes irrespective of the weight condition.

13. The policy of the Railway to quote station-to-station rates for Iron and Steel Div. 'B' at 40% less class 3 rate still continues, and we are not aware of the reason for this sudden deviation from the avowed policy in the matter of station-to-station rates for Cast Iron Pipes by the cancellation of all the remaining station-to-station rates from Kulti which were based at 40% less than class 3 rates as laid down by the Railway Board.

14. We feel perturbed by this unexpected serious inconsistency on the part of a governmental body like your railway, and would earnestly urge your taking immediate action in the matter by the restoration of the station-to-station rates which were just and fair, and in accordance with the avowed policy of the Railway Board.

15. We may here add for your information that C.I. Pipes manufactured by us vary in length and diameter, the larger sizes being pressure pipes for water mains and drainage etc. These can be loaded upto 300 maunds and over in a wagon, and with smaller pipes nested, the weight per wagon can be brought upto 545 maunds. In the case of pipes of smaller dimensions used for soil, rain-water etc. the load in a 22 ton wagon varies from 510 maunds to 595 maunds. Therefore, for this class of pipes and a certain portion of the pressure pipes, the weight condition W/545 BG for Iron and Steel Div. B special rates, can always be, and in practice is, complied with.

16. We attach hereto a statement of comparative rates from Kulti to a few stations for C.I. Pipes, prevailing from time to time since 1947 up to the time of the cancellation of the special rates from 15-10-54. It will be noticed from the statement that during the period of 8 years, the rates were altered some 4 times and quantum of enhancement from 1947 to 1954 varied from Re. 0.11-6 per maund (Lucknow) to Rs. 1-8-9 per maund (Saharanpur) and the percentage varies from 96% to 200%.

17. It may also be mentioned here that the terminal charge attached to the old C/I Schedule over the old E.I.Ry. was 4 pies per maund as against the new terminal of 12 pies per maund or three times the old charge, representing an enhancement of 200%.

18. From the public utility point of view, the important bearing of C.I. Pipes can only

be assessed by an appreciation of the great development in India, during the last few years, in new factories and industrial concerns and extension of existing manufacturing plants and facilities. Closely allied to these is the considerable redistribution of population, the rehabilitation of which means a tremendous development in housing. These developments occur in what were once rural areas, but the day of insanitary villages must soon be ended by the numerous scheme of the Central and State Governments of rural development and community projects. For these new townships, adequate distribution of water with drainage and sewage disposal must be supplied. Cast Iron Pipes play a very prominent part in these schemes. Factories and Industrial concerns are very large consumers of water and the supply and distribution of water is of paramount importance, vitally affecting not only the processes involved, but also the health and well-being of the large labour forces employed.

18. Articles of Iron & Steel Div. B, other than pipes, like beams, bars, rods, joists, angles now enjoying special rates and considered as vital to the growth of industries, being used for structural and constructional purpose in connection with buildings and other activities. Although there may be no competition between these articles and pipes, in actual application or usage the two are so closely inter-related that separation becomes impossible. It is common knowledge that no building or constructional work of a size sufficient to use any appreciable quantity of structural steel work, is complete without its complement of rain-water pipes, drain pipes, water service and distribution pipes and sewage disposal pipes. Many of these are hidden in the structure of the building or buried below the ground but because their existence is not always apparent to the eye, it can hardly be assumed that they do not play an important part. On the contrary, they on account of their usefulness play an essential part in the well-being and life of the community, of an importance to the building they occupy. In fact, one is not complete without the other, and therefore the importance of C. I. Pipes is as great as that of other articles under Iron & Steel Div. B. It may be useful to add here that the source of water supply is very often nearly miles from the point of consumption or area of distribution and consequently the *tonnage of such pipe lines is usually very high.*

20. We do hope that in the foregoing paragraphs we have furnished sufficient facts and figures for the restoration of the special rates for C. I. Pipes classed at 40% less than class 3 Rates as for Iron & Steel Div. B. We have also supplied enough facts and figures to show that the C. I. Pipes and the other articles of Iron & Steel Div. B are so closely related in actual usage to support our claim that the basis of any special rates existing for the one should also be supplied to other, and Cast Iron Pipes should enjoy the same privileges as gutters and structurals under Iron & Steel Div. B.

Trusting to receive an early reply,

## ANNEXURE J-5.

*Referred to in reply to question 28 of Part I-A.*

*Copy of letter No. 4859 dated 1st October, 1954, from Messrs. The Indian Iron & Steel Co., Ltd., to The Chief Commercial Superintendent, Eastern Railway, Calcutta.*

**Freight Rates.** We are in receipt of your circular letter No. CR/5-CIP-Pt. 4 dated 28th August 1954. We have noted with regret that with effect from 15-10-54, the special rates for Cast Iron Pipes to Stations in appen-

dix A will be cancelled and withdrawn.

We have examined the schedule carefully and find that the cancellation of the special rates to the following stations will seriously affect our business:—

Stations.	Special rates per maund.			P.T. Rates per maund.		
	Rs.	As.	Ps.	Rs.	As.	Ps.
Howrah	0	6	0	0	7	8
Patna	0	8	0	0	10	11
Allahabad	0	11	11	1	2	9
Kanpur	0	15	8	1	8	2
Delhi	1	15	10	2	3	8
Lucknow	0	14	6	1	7	6
New Delhi	1	6	4	2	3	8

May we request you to give us an opportunity to put up our case before the above special rates are finally withdrawn. It will be realised that a set-back in the Iron & Steel business is undesirable at the present

time, and the date of cancellation may kindly therefore be extended for the above noted stations only. We are taking steps to prepare a Statement which will be placed before you for consideration.

## ANNEXURE J-6.

*Referred to in reply to Question 28 of Part I-A*

*Copy of letter No CR/5-CIP/Pt. 4 Dated 21st January 1955 From General Manager, Eastern Railway, Calcutta to Messrs. The Indian Iron & Steel Co., Ltd., Calcutta.*

Re: Rates for Cast Iron Pipes from Kulti.

Ref: Your letter No. 44A. SPI/49068 of 17-11-54.

With reference to your above, I beg to inform you that the existing special rates of Rs. 2-9-4 and Rs. 2-7-5 per md, for Cast Iron Pipes OR: W/300, L from Bisco to Bombay and Madras introduced from 29-1-54 in accordance with the Judgment passed by the Railway Rates Tribunal in connection with the Complaint No. 6 of 1952 represent an enhancement of 81% over the corresponding special rates of Rs. 1-6-10 and Rs. 1-5-9 per md. respectively prevailing prior to 1-4-52.

Consequent upon this, the special rates

for cast Iron Pipes from Kulti which were in force prior to 1-4-52 should be enhanced to the extent of 81% with a view to removing anomaly in rates and the resultant increased rates exceed the ordinary tariff rates for this traffic. Further there was no movement of traffic in Cast Iron Pipes from Kulti to certain stations at the special rates during the last three years.

In view of the above, the special rates for Cast Iron Pipes from Kulti have been cancelled from 15-10-54 after giving due notice to you under this office Circular letter of even number dated 28-8-54.

In the circumstances, I regret, I do not see any justification for the restoration of the special rates for Cast Iron Pipes from Kulti in force prior to 15-10-54 as requested.



## PART I-B

## ANNEXURE V.

Q: 2. The production of finished goods for the years in question is set out below:—

Year.	Cisterns. Tons.	Roller Shells. Tons.	Pipes C.I. Tons.
1947-48	549	1,065	32,954
1952-53	1,150	1,439	44,780
1953-54	1,104	1,560	47,205
1954-55	990	543	70,768

*Note: Similar information for the year 1938-39 is not available.*

Q: 3. See reply to Qs. 1 & 2 re: effect of revision in freight structure in 1949.

The finished products are sold throughout India and despatches are made according to demand as and when supplies are available and accordingly distances of haul change.

Q: 4. Finished Products:—

Average shortest distance.	Average longest distance.
20 miles.	1,150 miles.

Q: 6. The entire quantity of finished products is despatched from the Works by Rail.

Q: 8. Below are given the figures of despatches of C.I. Pipes and Cisterns by Rail for distances of:—

Despatched in between Miles.	1947-48		1954-55	
	C.I. Pipes. Tons	C.I. Cisterns. Tons	C.I. Pipes. Tons	C.I. Cisterns. Tons
1 to 50	2,792	Nil	991	Nil
51 to 100	176	22	944	Nil
101 to 200	5,473	52	8,202	91
201 to 300	969	36	1,931	2
301 to 400	2,596	Nil	2,318	3
401 to 500	1,170	13	7,481	141
501 to 600	326	1	714	Nil
601 to 700	4,014	1	6,422	47
701 to 800	3,835	57	10,846	246
801 to 900	332	2	8,559	4
901 to 1000	1,271	43	1,467	20
1001 to 1200	8,445	314	14,959	441
1201 to 1500	2,931	23	5,643	17
1501 to Above	107	Nil	1,377	Nil
	<u>34,437</u>	<u>564</u>	<u>71,854</u>	<u>1,012</u>

## PART II.

Q: 1. Consignments of finished steel are always booked at railway risk rates, as there is no alternative owner's risk rates.

Consignments of Raw Materials and Stores, inwards, as well as Pig Iron, outwards, are almost always consigned at owner's risk rates as railway risk rates are much higher.

Q: 2. There are only a few cases of private insurance, which is generally done at the instance of the consignee.

Q: 4. There has been some increase in compensation claims since the war, though

not to a very great extent. The time taken for settlement of claims, however, has increased.

Q: 5. Most of the compensation claims arise out of pilferage in transit.

Q: 10. Since the railways' responsibility is that of a bailee, according to which it has to take only all the precautions which an ordinary prudent man should take, there would not be much advantage in withdrawing the owner's risk rates. Withdrawal of owner's risk rates should be accompanied by increased responsibility covered by railways and better arrangements for payment of compensation.

# Indian Mining Association, Calcutta.

## PART I-A.

Q: 9. While it is logical to group Hard Coke and Soft Coke with Coal and other carboniferous fuel, it is considered that due allowance should be given to the respective density of each commodity.

The densities of Hard and Soft Coke are different from Coal and adequate allowances should be given so that when a wagon is loaded to its maximum carrying capacity with any commodity, no under loading charges should be incurred.

Q: 23. The question of a freight pool, if it were to apply to Coal, would seem to be contrary to the Railway's policy which is to encourage consumers to draw their Coal from the nearest and most convenient coalfield. It would also encourage "long hauls" for Coal and the turn round of wagons would be adversely affected. It is also thought pertinent to consider here the present economy of the country and the fact that different Industries have been located in different areas in order to be near their raw materials. It is not considered, as far as Coal is concerned, that a freight pool would be advantageous to either the suppliers or the consumers.

Q: 27 & 28. The Railway Freight Structure Enquiry Committee's attention is drawn to the Report produced by the "Committee to advise Government on the measures necessary for stepping up Coal exports". In view of the quick turn round of wagons from the Bengal and Bihar coalfields to the Port of Calcutta and the need to encourage the export of Coal from India and the fact that the price of Coal transported on the railcum-sea route to other parts of India is exorbitantly high, the need for a cheap railway freight rate from the Collieries to the Docks is apparent.

Q: 40. In the next five years, the production of Coal is likely to be raised from 37 millions to 60 million tons.

As Coal is one of the basic materials required for most industries and as the cost of railway freight to consumers forms a large percentage of their fuel costs and in many cases is higher than the actual cost of the Coal f.o.r. Colliery, if Industries have to develop and the finished products are to be sold at competitive prices in world markets, the undesirability of increasing railway freight rates will be obvious. It is the opinion of this Association, as Coal is such a primary and basic material for almost all industries in the country and as it is an easy commodity for the Railway to handle (with a quick turn round for wagons and as Coal moves in full train loads) special consideration should always be shown to the rates applying to Coal. For these reasons Coal is thought to be a commodity which justifiably can be carried by national railways at rates which may not be economic to the Railways' budget.

Indian Coal constantly meets with keen competition from other countries. At present Coal exports from Calcutta are confined to "natural" markets only, i.e. Ceylon, Burma and Pakistan. Exports to Hongkong have ceased since Japanese Chinese Coal can be landed cheaper than Indian Coal because of the great disparity in sea freights obtaining at the present time. Similar difficulties are being experienced in Singapore.

It is very important, therefore, that any concessional railway freight rates which may be possible for export Coal, should be given.

Q: 43. See our reply to Q: 3 of Annexure VII.

Q: 44. It is the usual practice in the Coal Industry to quote F.O.R. forwarding station (i.e. Colliery).

(a). Please see f.o.r. Colliery prices quoted in our reply to Q: 2 of Annexure VII.

Q: 45. As far as freight on coal is concerned it is dependent upon the distance at which the consumer is from the supplying Colliery.

Q: 48. The private sector of the Coal Industry is expected to increase its Coal production by 8 million tons during the Second Plan Period (i.e. by about 25%).

Q: 49. The volume is expected to increase by 8 million tons (i.e. 25%) but the distances or lengths of movement are not expected to increase as the public sector is expected to increase its production (by 15 million tons i.e. 500% increase) and supply Coal to industries situated in areas which are distant from the existing Collieries owned by the private sector.

Q: 50. In view of our reply to Q: 49 above, it is not envisaged that the distances for transportation for the additional Coal production of the private sector will be greater than they are at present.

Q: 51. The public sector of the Coal industry is expected to increase its Coal production by 15 million tons and this development will take place in:—

Madhya Pradesh—Korba Coalfield.	
Bihar	—Karanpura Coalfield.
West Bengal	—Ranigunge Coalfield.
Vindhya Pradesh—Korea & Rewa Coalfield.	

Q: 52. It is thought that the new Coal production of the public sector will require transport to the areas which are distant from the Bengal and Bihar coalfields.

Q: 53. Without knowing all details of the increased demand and where new industries will be located, it is difficult to state the

lengths of movements which will be required to move the public sector's increased production of 15 million tons.

## PART I-B

## ANNEXURE VII.

Q: 1.	Total Production
1938	25,078,327 tons
1939	24,452,487 „
1947	30,144,505 „

1948	30,124,175 Tons
1952	36,301,865 „
1953	35,979,167 „
1954	36,799,300 „
1955 (upto June)	19,188,841 „

Q: 2. 1938—1939 : The present gradewise system of controlled prices was not introduced until the Colliery Control Order of 1945 was passed, during 1938 and 1939 Coal prices were not controlled and varied according to market conditions.

## Prices in 1944

Grades		Run of Mine			Large Coal and Slack			Rubble and Smithy Nuts		
		(per ton)			(per ton)			(per ton)		
		Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.
Sel. A.	...	12	8	0	13	0	0	13	4	0
Sel. B.	...	11	8	0	12	0	0	12	4	0
Grade I.	...	10	10	0	11	2	0	11	6	0
Grade II.	...	10	4	0	10	12	0	11	0	0

## Prices in 1945

Grades		Steam Coal, Rubble & Smithy Nuts			Run of Mine Dust & Slack		
		Rs. a. p.			Rs. a. p.		
		per ton.			per ton.		
Sel. A.	...	13	5	0	12	5	0
Sel. B.	...	12	5	0	11	5	0
Grade I.	...	11	7	0	10	7	0
Grade II.	...	11	1	0	10	1	0

## Prices in 1947 &amp; 1948

		Rs. a. p.			Rs. a. p.		
		per ton.			per ton.		
Sel. A.	...	16	13	0	15	13	0
Sel. B.	...	15	13	0	14	13	0
Grade I.	...	14	15	0	13	15	0
Grade II.	...	14	9	0	13	9	0

## Prices in 1952 &amp; 1953

		Rs. a. p.			Rs. a. p.		
		per ton.			per ton.		
Sel. A.	...	16	4	0	15	3	0
Sel. B.	...	15	4	0	14	3	0
Grade I.	...	14	6	0	13	5	0
Grade II.	...	14	0	0	12	15	0

## Prices from 16—2—1954 to 17—7—1955

		Rs. a. p.			Rs. a. p.		
		per ton.			per ton.		
Sel. A.	...	16	4	0	15	3	0
Sel. B.	...	15	4	0	14	3	0
Grade I.	...	14	6	0	13	5	0
Grade II.	...	13	7	0	12	6	0

With effect from 18—7—55 the prices were revised as follows :

	Rs. a. p. per ton.	Rs. a. p. per ton.
Sel. A.	16 7 0	15 6 0
Sel. B.	15 7 0	14 6 0
Grade I.	14 9 0	13 8 0
Grade II.	13 7 0	12 6 0

Q: 3. In view of the fact that the demand for Coal has increased for all Industries in all parts of India and the fact that the supply of wagons for the movement of Coal has been irregular and consumers have not been able to obtain their supplies in the quantities as and when required by them, although stocks of Coal at pithead have always been high, it is impossible to assess what effect the revision of freight rates in 1948 and 1952 has had on the movement of Coal by rail. The same transport bottlenecks such as Moghalsarai, Agra East Bank, Waltair, etc. still exist and the Railways' policy of rationalisation and the imposition of controls whereby consumers are compelled to draw a large percentage of their requirements from the nearest coalfields or from where rail movement is most convenient to the Railways, makes it almost impossible to assess any changes which may have taken place in the distances that Coal is now transported by rail with the years prior to 1948. It is a fact that the demand for Coal has exceeded the availability of wagons to move the quantity which could have been consumed, particularly at the times required by the consumers and for many years the Coal Industry has carried heavy stocks.

Q: 4. These figures are not available

with this Industry and may only be obtained from the Railways themselves.

Q: 5.	1951	...	759,085 tons
	1952	...	1,093,023 "
	1953	...	1,244,924 "
	1954	...	1,187,931 "
	1955 (up to June)	...	491,150 "

Q: 6. These figures may be available from the Coal Commissioner.

Q: 7. As far as the Bengal and Bihar coal-fields are concerned, Coal is only moved in any quantity by road transport when movement by rail is impossible or is inadequate for consumers' requirements.

Road Transport charges for the movement of Coal vary considerably according to market conditions. Also, a comparison of actual rates for transport by rail and road are not conclusive, as, in some cases, where consumers may not have their own Railway Sidings the transport of Coal by road may save certain expenses which would otherwise be incurred in taking delivery at a Railway Siding and in road transport charges from the Siding to the Consumers' factory. Each case can only be considered individually, therefore.

नियंत्रित नयन

## PART II.

To make the position clear it is to be noted that answers (where applicable) will be given under two separate heads namely in respect of outward despatches of Coal and Coke and inward movement of colliery machinery and stores.

### COAL AND COKE.

Q: 1(a) It is to be noted that coal and coke are controlled commodities and are subject to the regulations of the Colliery Control Order 1945. For the purpose of exercising distribution control the minimum quantity for rail movement is one wagon load.

Coal and coke is generally booked under Owner's risk on the Weight only System. Because of the easy opportunities of pilferage from open wagons perhaps 5% of coke despatches go under Railway Risk.

(b) Coke despatches as above are not covered by Insurance.

### MACHINERY AND STORES.

Railway Risk.

Colliery stores not covered by Insurance.

## COAL AND COKE

(c) No appreciable change.

Q: 2. (a) Selling prices are fixed statutorily on a f.o.r. colliery basis.

(b) —

(c) —

Q: 3. —

Q: 4. (a) Information will be available from the Railways.

(b) Movement of coal and coke by rail is shown below.

Pre-war (1938)	22,043,714 tons
1945	25,341,334 ..
1950	28,702,106 ..
1955	34,584,024 ..

Selling price details will be found in answers to Annexure VII.

Q: 5 & 6. Information will be available from Railway.

Q: 7. (a) No general information.

(b) Information will be available from the Railways.

Q: 8. Consignor/Consignee should be given the option of either Railway or Owner's Risk. Both rates should be quoted.

Q: 9. No.

Q: 10. Both rates should be quoted in every case.

Q: 11. See answer to Question 10 above.

Q: 12. See answer to Question 8 above.

Q: 13. —

Q: 14. Satisfactory.

Q: 15. No comment.

Q: 16. —

Q: 17. (a) —

(b) —

Q: 18. (a) & (b) While members of the Association are not concerned directly with this question, it is a well known fact that pilferage of coal and coke occurs in marshalling yards, wayside stations and in dock areas. This causes hardship to buyers and to this extent responsibility should rest with the Railways.

Q: 19. Increase in Watch and Ward staff and action which will result in effective measures where complaints are of a specific nature.

Q: 20. It is estimated that between 2 and 5% of the contents of a wagon of large coal is lost by pilferage depending on the length of haul to destination. The loss to the consumer could therefore be of the order of Rs. 12-50 per 20 ton wagon including railway freight.

## MACHINERY AND STORES.

No appreciable change.

Probably 100% as it is found that claims on Insurance Companies are dealt with expeditiously.

Loss, fire, damage, pilferage. Premium rates should be ascertained from Insurance Companies.

The tendency is towards an increase in private insurance.

No detailed information, but see answer to 2 (c) above.

Information will be available from the Railways.

Volume of traffic judged by figures in adjoining column has increased.

Relative prices have at least doubled.

Information will be available from the Railways.

No general information.

Information will be available from the Railways.

Consignor/Consignee should be given the option of either Railway or Owner's Risk. Both rates should be quoted.

No.

Both rates should be quoted in every case.

See answer to Question 10 above.

See answer to Question 8 above.

Yes.

Satisfactory

No comment.

No recommendations.

More warehousing facilities are required at Main Booking Centres.

Yes, by the Railways.

In regard to the delivery of items of plant, machinery, stores and foodstuffs to collieries, the Association is of the opinion that there is every justification for the Railways accepting full responsibility. It is suggested also that expedition in the settlement of claims arising is essential.

Increase in Watch and Ward staff and action which will result in effective measures where complaints are of a specific nature.

Not available.

## COAL AND COKE

## MACHINERY AND STORES

The loss on a wagon load of coke is higher and may be in the region of Rs. 200 per 20 ton wagon.

Q: 21. Delays in the payment of claims are the rule rather than the exception. Interest should be payable on claims outstanding for more than six months in ordinary circumstances.

Delays in the payment of claims are the rule rather than the exception. Interest should be payable on claims outstanding for more than six months in ordinary circumstances.

## PART III

## GENERAL

It is understood that the reference in Question No. 2 Page 9 of Questionnaire Part III is actually to sub-section (2) section 42 of the Indian Railways Act 1890 as amended by Act LXV of 1948.

The Association regrets that it has little knowledge of the working of the Railway Rates Tribunal and can therefore offer no useful comments.

## Indian Mining Federation, Calcutta.

## GENERAL

Coal being the basic raw material for industry, any increase in the freight rates of coal is bound to increase the cost of all commodities in the country. It may be recalled that recently the rate on coal freight has been twice increased, firstly, by the withdrawal of the rebate of 12½% on coal intended for certain scheduled industries and, secondly, by the uniform increase by 30% effected in 1952. A further increase in the freight rates of coal will have a serious repercussion on the cost structure of industries in the country. It will also adversely affect the export prospects of Indian coal which is already being ousted from neighbouring markets by coal from other countries. In the context, especially, of the present buyers' market, the Committee of the Federation urges that the Government should adopt measures calculated to help industries to reduce their costs.

The general principle of "what the traffic can bear" should be followed especially in the case of low rated commodities like coal and the principle of giving preferential rates to coal should be maintained.

Any decision to enhance the freight structure of a basic industry which is a grave concern on the very eve of the Second Five Year Industrial Plan, must be fraught with the direct consequences and should be regarded as hazardous.

In view of the Government project to instal three or four major steel works and other development projects during the Second Five Year Plan period, the major portion of coal production is likely to be consumed by the Government which would be saddled with high production cost if any increase in the freight structure of coal is made at this stage. It is not, therefore, the appropriate time to consider the question of an increase in the freight structure of coal.

An increase in coal freights will be inevitably reflected in higher prices of gas, electricity as well as a wide range of engineering and other industrial products, and the entire economy of the country will be affected on the Coke Oven Plants, Iron and Steel Works, Electrical Power Houses, domestic fuel, Cement etc.

It is accepted throughout the world that the cost of hauling coal cannot be separated from the cost of hauling other goods. The contention that coal freights have hitherto been uneconomical has therefore no meaning at all. On the other hand, it must be admitted that coal is one of the Railway's best basic earners and contributes nearly half of the total goods traffic. Moreover coal moves freely in full rakes and half-rakes and does not require expensive warehouses, transit depots and other facilities. For these and other reasons, it is carried everywhere at cheaper rates and any proposal to increase its freight would be a most retrograde one. The old freight rebate on export of coal should immediately be restored. Indian coal is gradually being ousted from the overseas market. This is a matter of grave concern not only to the Coal Industry but to the country at large, since it means an appreciable fall in the country's earnings of foreign exchanges. If the export market is to be expanded, or even retained at the present level, there should be a substantial reduction in the freight rates and increased rebate must be granted on rail freight in respect of coal carried to the ports of shipment.

### Suggestions and Views.

1. *Coal-Washeries.* Steel Plants and ancillary industries will absorb a large part of the increased output of coal in the Second Five Year Plan period and provisions have to be made for the supply of about 15 million tons



of coking coal for feeding the Steel Plants and other industries. This will necessitate arrangements being made for the beneficiation for inferior types of coal and for their blending with higher grades to produce a mixture suitable for metallurgical purposes. Installation of washeries would be necessary for this purpose and rail freights should be so adjusted as to encourage washing by making the installation of washeries an economic proposition for the collieries and also to help beneficiated coal to compete on even terms with the coal despatched directly from collieries to consumers.

It may also be pointed out in this connection that the handling and transport charges of coal to the Central Washery by rail are likely to be heavy enough to discount entirely the economy which might otherwise ac-

crue from the adoption of large washeries. It is likely that in many cases, the weight of water with the washed coal will be equal to or greater than the weight of ash removed and as such the freight rates in respect of such coal would call for more consideration.

2. *Transport of Coal by Sea.* Transport of coal by sea should be encouraged to relieve the pressure on the inadequate capacity of the railway to carry a sufficient quantity of coal. Transport of coal by sea has been very unpopular mainly on account of high freight rates as the following Table shows.

Comparative figures for freight of coal for sea and rail transport from collieries in West Bengal and Bihar are as follows:

		Sea freight rates Calcutta. per ton			Rly. freight rate from West Bengal & Bihar coalfields. per ton		
		Rs.	a.	p.	Rs.	a.	p.
Madras	...	27	0	0	20	10	0
Tuticorin	...	28	0	0	28	3	0
Cuddalore	...	28	0	0	21	12	0
Cochin	...	30	8	0	24	2	0
Marmagao	...	36	8	0	23	9	0
Bombay	...	30	8	0	21	10	0
Saurashtra	...	38	0	0	23	6	0

Rail freight from the coalfields to K.P. Docks is Rs. 6/- per ton and C.P.C. loading charges amount to Rs. 4/- per ton i.e., a total of Rs. 10/- per ton approximately has to be added to the sea freight rates to arrive at the total sea-cum-rail freight on coal to the destination ports. The double handling charges at ports add to the cost considerably.

It will, therefore, be appropriate to reduce the railway freight rate for all coal to K.P. Docks so as to give an incentive to transport of coal by sea and minimize the heavy strain on the existing railway transport.

It may be mentioned in this connection that coastal cargo has been reserved for Indian shipping and the shipping industry of the country, which is still in its infancy, should be encouraged to play its due role in the industrial development of the country by allowing it to make an effective contribution to the solution of the problems of transportation of coal.

This will also have the additional advantage of diverting coal movements which the rail authorities are finding it so difficult to fully undertake at present.

3 *Train Loads vs. Wagon Loads.* Regarding the suggestion made from some quarters that reduced freight rates should be charged for train loads of coal consigned to one consumer, the Committee of the Federation would wish to point out that coal is invariably transported in full wagon loads which are only at times despatched from the Depot station in full train loads. Moreover, large consumers frequently receive a number of wagon loads by the same train. The Federation is, therefore, opposed to any reduction

of freights on coal of train-loads, as such reduction will give an unfair advantage to large consumers and encourage profiteering tendencies by way of cornering. Moreover, large consumers are very few, and large collieries, which can send out train-loads, are also very few, and such concession would, therefore, benefit only a handful of producers and consumers of coal.

4. *Pooled Rate for Coal.* The introduction of pooled freight system by which all consumers of coal in the same zone would pay equally for their coal, no matter where the coal comes from, does not take into consideration the importance of the location of industries near the sources of raw materials. The incentive to the growth of industries near about the places of availability of coal and other raw materials would be lost forever if pooled freight rates were adopted.

5. *Group Rates.* Group rates should be introduced by the Railways in all important Coalfields, viz., Raniganj, Bokaro, Karanpura, M. P. and Central India Coalfields, that is the same rates for the same destination from all the collieries situated within a coalfield or a well defined area.

6. *Railway Freight Rate at Owners Risk and Railway Risk.* With the increase in the pilferage of coal en-route, the system of charging railway freight on coal despatched without regard to the actual coal delivered at the destination is causing great hardship. It is, therefore, suggested that the Railways should be compelled to make good the loss enroute by charging a slight premium worked out on an actuarial basis.

The existing difference between railway freights at owner's risk and railway risk is

very high and apparently is not based on exact calculations. It is superfluous to mention that unless the Railways are made responsible in some way for the loss en-route, thefts of coal are not likely to diminish.

The Railways demand payment in full for the Railway Receipt irrespective of whether the consignee receives all the wagons or not. In case of short delivered wagons leave claims remain unsatisfied for a long period despite repeated reminders. Some sort of obligation should, therefore, be imposed on the Railway to settle such cases promptly and satisfactorily.

7. *Problem of Slack Coal.* Great difficulty is being experienced by almost all collieries especially in the Raniganj field in the disposal of their ever increasing stocks of slack

coal. It is suggested that some inducement in the way of reduced freight rates on slack coal should be given to the consumers, so that the cost of domestic fuel is made cheaper and people may acquire the habit of consuming this cheaper variety of fuel. In this way the invaluable forest wealth of the country, which calls for preservation to stop erosion of soil by floods and also cowdung, which is very effective as well as a cheap fertilizer, may be preserved by encouraging the use of Slack Coal as domestic fuel throughout the country.

8. *Telescopic Rates.* The existing telescopic rates for coal has considerably simplified the freight system, removing many inequities. So far, therefore, as the Coal Industry is concerned, the existing rates should not be disturbed.

## PART 1-B ANNEXURE VII

	Total Production tons.		Total Production tons.
Q: 1.		1953	35,979,167
1938	25,078,327	1954	36,799,300
1939	24,452,487	1955 (up to June)	19,188,841
1947	30,144,505		
1948	30,124,175		
1952	36,301,865		

Q: 2. During 1938 and 1939 coal prices were not controlled and varied according to the condition of demand and supply.

### Prices in 1947 & 1948.

Sel. A.	...	Rs. 16 13 0 per ton.	Rs. 15 13 0 per ton.
Sel. B.	...	" 15 13 0 " "	" 14 13 0 " "
Grade I.	...	" 14 15 0 " "	" 13 15 0 " "
Grade II.	...	" 14 9 0 " "	" 13 9 0 " "

### Prices in 1952 & 1953.

Sel. A.	...	Rs. 16 4 0 per ton.	Rs. 15 3 0 per ton.
Sel. B.	...	" 15 4 0 " "	" 14 3 0 " "
Grade I.	...	" 14 6 0 " "	" 13 5 0 " "
Grade II.	...	" 14 0 0 " "	" 12 15 0 " "

### Prices from 16—2—1954 to 17—7—1955.

Sel. A.	...	Rs. 16 4 0 per ton.	Rs. 15 3 0 per ton.
Sel. B.	...	" 15 4 0 " "	" 14 3 0 " "
Grade I.	...	" 14 6 0 " "	" 13 5 0 " "
Grade II.	...	" 13 7 0 " "	" 12 6 0 " "

With effect from 18—7—55 the prices were revised as follows :

Sel. A.	...	Rs. 16 7 0 per ton.	Rs. 15 6 0 per ton.
Sel. B.	...	" 15 7 0 " "	" 14 6 0 " "
Grade I.	...	" 14 9 0 " "	" 13 8 0 " "
Grade II.	...	" 13 7 0 " "	" 12 6 0 " "

Q: 3. It is impossible to assess what effect the revision of freight rates in 1948 and 1952 has had on the movement of coal by rail in view of the inadequate and irregular supply

of wagons for the movement of coal and the transport bottlenecks at such places as Moghalsarai, Agra East Bank, Waltair, etc. It may also be noted that the stock of coal at

pitheads of collieries is gradually on the increase for want of adequate transport and the demand for coal has further exceeded the availability of wagons and as such the effect on revision of freight rates cannot actually be assessed.

Q: 4. These figures may please be obtained from the Railways.

Q: 5. 1951	...	759,085 tons.
1952	...	1,093,023 "
1953	...	1,244,924 "
1954	...	1,187,931 "
1955 (up to June)	...	491,150 "

Q: 6. These figures may please be obtained from the office of the Coal Commissioner.

Q: 7. In cases where rail transport is inadequate and found impossible for consumers' requirements, coal is moved to some extent by road transport in Bengal and Bihar collieries and the road transport charges vary considerably in cases where railway siding is not available for consumers. The transport of coal by road economizes expenditure in taking delivery from a distant railway siding.

## Indian Non-ferrous Metals Manufacturers' Association, Calcutta.

### GENERAL

The Committee of the Association do not propose to answer the entire questionnaire but wish to confine their attention to certain points which they consider as important from the experience of their particular industry.

2. *Rationale of Freight Policy:* The industry has no disagreement with the policy proposed by the Government in 1948 of rationalising the freight rate structure but its main grievance is that this proposal has not been implemented in a correct manner. Increase in the level of class rates and upgrading of the 'class' for commodities have had, along with withdrawal of all schedules and the maintenance of only a limited number of wagon load rates and station-to-station rates, serious repercussions on industry and trade in the country. The number of wagon load rates available at present is insufficient and there are many commodities for which wagon load rates could be quoted with advantage, maximising the Railways' total earnings and conserving wagon space itself. Railway administrations must respond to the needs of growing industries and trades, not because it is expected of them that they should subsidise industrial growth directly but because the maintenance of efficient and economic transportation is of first rate importance in overall industrialisation. Apart from this, it is also clear that by the development of industries, the railways themselves will obtain increased traffic with the resultant advantage of augmenting their total revenue. The approach of Railway Administrations, however, has been governed generally by considerations of their own budget in the immediate future. In the case of certain items which may have a prospective markets in the country in times to come but which are not immediately being sold in large quantities, the railways must so adjust their rate policy that there is encouragement for the traffic to grow. The difference between rates for 'smalls' traffic and wagon load traffic should not also be unduly high and should have some relation to the benefits accruing to the Railways from moving traffic in bulk. Further, in a country like India where industrialisation is still to make

headway, the quotation of station-to-station rates on the merits of each case will be necessary for a considerable time ahead. The existing burden on short distance traffic, which arises from the maintenance of a rating system which keeps the rates on the first leg of the traffic particularly heavy, should be minimised and all terminals, short distance charges, minimum distance charges, minimum charge per wagon load, etc., dispensed with. The latter is necessary as the very idea of a telescopic rate structure is that the cost of carriage declines with distance and all expenses incidental to carriage have been provided for in the conveyance charge itself. For purposes of both better industrialization and of fulfilling the responsibilities of a carrier which include the offering of services as desired by the user of the service, the railways should provide, particularly when substantial regular traffic is assured, covered hopper wagons, steam coil fitted tank wagons, covered wagons or such other special type wagons according to the needs of industries or trades.

The Government of India appreciating the need for such transportation facility have already provided the Bhakra Nangal Project with a fleet of covered hopper wagons for moving cement in bulk. Similar facility should also be accorded to the private sector to meet the special needs of a developing industry. It is important that the alumina powder, wherever possible, should be carried in bulk in covered hopper wagons if aluminium is to emerge from its nascent stage to become a well established industry and an asset to the nation.

3. *Principles in Rating:* Transportation characteristics of a commodity must be the main basis for classifying it generally as also for prescribing wagon load rates. By the transportation characteristics of an item are meant its weight per cubic foot, its value per lb. its liability to loss, damage, etc. in transit, the kind of packing used, the expenditure incurred in handling it, its relationship to other commodities which are carried by the carrier from the standpoint of the above noted considerations, the general condi-

tions surrounding the industry and trade in regard to production, distribution, volume of movement, etc. It is therefore desirable that the value of a commodity be not of much consideration to fix its class or on which a wagon load rate is made applicable to it. Important items necessary for the life of the community, despite many other factors point to their classification in high category, may have to be carried low by the carrier. It would therefore mean that the cost of service to the carrier cannot be a basis on which the rates for carriage of commodities could be fixed. For one thing, it would be difficult to determine the cost of carriage under conditions which may be regarded as efficient and full utilisation of available line capacity, personnel, rolling stock and other factors. Secondly, it would also be well nigh impossible to determine the exact amount of cost incurred by different constituent items of carriage and to apportion the total cost among these items. Even if these could be possible, the question would be to decide what may be the cost to be apportioned under conditions of full utilisation of railway facilities and not merely under a given circumstance. The Committee of the Association therefore stress that the transportation characteristics of a commodity and its importance on considerations of public policy should be the governing factors in fixing the rate for a commodity and that the value of the item itself or the cost of operation to the railway will be merely indicating and not deciding factors.

#### 4. *Planning of available transport facilities :*

The Association are not in favour of limiting haulage by rail in any manner. It would not be practicable to integrate rail rates with sea rates or road rates in a manner which would maintain a fair parity among these rates, avoid harassment to the users of these services in any manner and make sure that no transportation capacity which is available is actually not being utilised. Over and above this consideration is the main and important issue that the choice of the user of the service should not be restricted in any manner. Railway service has got advantages which are not available in other carrier services and these are too obvious to be gone into in detail. Any policy under which traffic in a certain class would be debarred from moving by rail will therefore be an interference with the choice of the user of the services and should not be countenanced.

Arising from considerations stated in the foregoing, it is possible to formulate certain fundamental concepts in railway rating. Because an adequate and efficient transportation system is a basic need for facilitating production and distribution, it is necessary that rates merely pay for the maintenance of the services. Further, rates

must be properly related to one another and for this purpose, it is necessary that the rates of commodities should be fixed mainly on the basis of their transportation characteristics. The only exception to this principle should be on consideration of public policy. This will also be justification for assigning low priority to 'the cost of operations' factor and 'the value of the service' factor, in determining the rate for a commodity. Thirdly, long-standing rates should not be changed overnight, as by their maintenance many interests would have grown in industry and trade and sudden subversion of the structure would offend these interests and interfere with their competitive advantages and disadvantages seriously. The Association would also stress that the idea that railway rates should vary with market rates for commodities is not to be encouraged because it will introduce a variable element of cost in marketing of commodities which would be most unhealthy for industrial development. In respect of raw materials, while the old idea that raw materials should necessarily be classified lower than their manufactured products may not have much justification, it needs still to be pointed out that having regard to the transportation characteristics and other factors relevant to the the issue of fixing class for a commodity, raw materials will generally be found to qualify for lower rates than their manufactured products. Besides all these, the railways must also concern themselves with ensuring that the rates which they prescribe for commodities aim not only at maintaining the existing traffic but at developing potential traffic. This means that a rate which will not be considered as paying to the railway at present may still be considered reasonable if it has prospects of developing traffic in the future. Another consideration to be taken into account for similar reasons is that the general conditions prevailing in the industry or a trade should be of concern to the railways. While we do not hold the idea that individual units of the industry should be entitled to using railway freights as protective subsidies, the idea that the volume of traffic available may be limited if consideration be not given to depressed conditions in an industry or to the nascent stage of development in an industry, should govern rate policy.

5. *Specific Requests.* What has been stated in the foregoing paragraphs prepares the ground for stating the specific requests of this industry. As first in importance here may be mentioned the existing classification of nonferrous metals manufactures and semi manufactures. Details of anomalies in classification are given below. These details have also been given by the Association to the Indian Chamber of Commerce, Calcutta.

<i>Name of the Commodity.</i>	<i>Class Rate.</i>	<i>Remarks.</i>
Processes of metals and alloys.		No separate classification exists at present for drosses of metals and alloys. By its very nature, Dross is a very low priced material and as such it should not be classified together with scrap. Hence we suggest drosses of metals and alloys be classified at a rate lower to that applicable to scrap.

<i>Name of the Commodity.</i>	<i>Class Rate.</i>	<i>Remarks.</i>
Ingots of Copper and Ingots of Brass.	Class IV	Price in both the cases, is nearly the same as also other transportation conditions; if at all, aluminium is usually lower priced.
Ingots of Aluminium.	Class VIII	
Copper Ware and Brass Ware	Class IX	There is not much disparity in value and low weight density alone cannot warrant a difference of four classes in classification.
Aluminium Ware	Class XIII	
Copper and Brass Scrap.	Class III	This distinction is apparently most unjustifiable. Scraps of all types must come under class III as their transportation conditions are identical. Adjustments, merely on basis of small differentials in price, will make the traffic unwieldy and be an abuse of transportation characteristics which are adjudged in the total. Moreover, aluminium scrap is normally lower priced than brass and copper scrap. Gun metal scrap is now classed in Class XII, which should also be in class III for the same reasons. An example of how this works in practice is given by scrap of aluminium wires. From Kundara to Egmore, as wire they move at Rs. 2-3-5 per maund but as scrap at Rs. 1-14-9 per maund. This differential is not adequate, having regard to the fact scrap is to be remelted and fetches, as scrap, a much lower price than wire.
Aluminium Scrap.	Class VII	
Brass and Copper Sheets, Strips including extruded sections.	Class V	These are also anomalies on the same ground. The low weight density for aluminium extrusions cannot make for a difference of six classes, particularly alongside other advantages to the carrier. Further, aluminium sheets and circles, which take more space, are themselves in a lower class than extrusions.
Aluminium Sheets.	Class VIII	
Aluminium Extruded sections	Class XI	Ingots of all other metals (non-ferrous) are in class IV. Antimony ingot is perhaps placed in class XII owing to antimony sulphide being in class XII but the latter is a chemical and is priced higher whereas antimony is used in the non-ferrous alloying industries. Antimony ore has no separate classification unlike bauxite which is in class I.
Antimony Ingot	Class XII	
Alumina	Class IV RR with no W.L. rate.	Pig iron, a similar processed mineral ore, is in class I RR and has a wagon load scale rate. A special rate giving a reduction of 36 percent of class IV rate is given for this movement. Even at the present special rate, the rate is 30 per cent higher than for pig iron. Alumina hydrate is in the same class as alumina, though its value is only 50 per cent of that of alumina.
White Metals	Class XII	This is irrespective of the grade and price of white metals. The value of white metals depends on their tin content and charging white metal with 6 per cent tin content the same as that of 90 per cent tin content does not seem correct as price differs by a wide margin.
Gun Metal	Class IV	These should, appropriately, be all under class IV, from the stand point of transportation characteristics.
Bronzes	Class VIII	
Printing Metal	Class VIII	Similar items of copper are only in the C class, and are thus charged lower. Copper weld wire, wire fuse, wire tinned copper for building, resistance strips wire are at 11 RR or 9 OR but copper strips and hard drawn copper wire are at 7 RR or 5 OR indexed to Division 'C' and copper wire N.O.C. at 9 RR or 8 OR.
ACSR and Aluminium Cables	Indexed to Electrical appliances and Fittings Division B, Charged 11 RR or 9 OR.	

<i>Name of the Commodity.</i>	<i>Class Rate.</i>	<i>Remarks.</i>
Lead Ore concentrates	P/20 Class III R.R. on actual weight. Owners to unload	This commodity is the prime raw material for the production of Pig Lead. This has got to be transported for a long distance from the mines to the Smelter. The location of the Smelter has been governed by the availability of fuels, like, coke and coal and fluxing materials, like, iron ore, limestone etc. and also nearness to the principal consuming centre. A special Station to Station freight rate on telescopic wagonload basis (W.L/C) should be introduced for this item and the Ore should be classified under class I.
Zinc ore concentrates	P/30 Class III C/500 R.R.L.	This commodity is the principal raw material for the production of Metallic Zinc. At present the commodity has got to be sent to foreign countries for smelting on toll basis and the Metal brought back to the country. The Railway freight on this commodity, therefore, has got a great bearing on the cost of production, ultimately even on the installation of a smelter in the country. The location of same will be governed by the availability of very cheap electricity, large quantity of water, ready market for the bye-product like Sulphuric Acid or Super Phosphate and nearness to the principal consuming centre. Freight rate on this commodity will therefore greatly influence the cost of production of Metallic Zinc in the country. (2.2 tons of Concentrates will produce 1 ton of Metallic Zinc.) A special freight rate on telescopic wagon loads basis (W.L/C) should also be introduced for this commodity and this also should be classified under class I.

The anomalies in grouping together of items with widely variant transportation characteristics for purposes of classification, with particular reference to non-ferrous products, have been pointed out in the foregoing statement of specific requests of the Association. Some of the other items, included in class XII, are educative and revealing. Cigarettes, Cinema and Theatrical equipment, Combs, Confectionery, cutlery, Hair-oil, Refrigerator, Stationery, Type-writers, Motor cycles—these are all in class XII and it is difficult to find how their transportation characteristics are common with antimony (which is in the same class) among themselves. Bicycles and Aluminium foil—both are classed similarly under class XIII, while copper and brass wares are under class IX, so are whisky, spirits, wine cordial, Glassware division B.

Amplifying the anomalies noted here further, the Association might restate consideration which it had pressed before the Railways about a year earlier.

**Metals & Ores.** The Association suggests revision of freight rates on raw materials carried over rail. Railways usually charge ingots and scraps of brass, copper, zinc, lead and tin at the same rate as for finished materials like sheets, rods, wires, etc. of the said metals. Actually, larger quantities of raw materials are required for producing a certain quantity of finished products as for instance, in the case of aluminium, 6.5 tons of alumina and bauxite would be required for production of 1 ton of finished aluminium and as such equal charges on the finished material and the raw material

would result in increase in the price of the finished material abnormally. It is therefore felt that freight charged on raw materials should be substantially lowered proportionate to that of finished materials. Besides that such reduction would be helpful to the development of industries, the railways might not also lose, since increased movement of raw materials at lower rates would automatically increase their revenue and there will be increased back haulage of manufactured items. On the ground of "how much the traffic can bear", the reduction of freight on scraps and ingots would be justified by their much lower prices in relation to the prices of sheets, rods and other finished items.

**Aluminum Hydrate** This is classified by the Railways under Class 4 in the same class as alumina whereas the value of alumina hydrate is much less than that of alumina, being approximately 50%. Alumina hydrate is only purified bauxite ore from which a few undesirable impurities like iron and titanium oxides have been eliminated. It still has to be processed before alumina is obtained and as such it should really be classified with purified bauxite ore or bauxite ore concentrate rather than with alumina as done by the Railways in Canada and other foreign countries. It is suggested therefore that alumina hydrate should be given an intermediate classification between bauxite ore and alumina.

The standard telescopic wagon load scale rate for bauxite ore is very high in relation to iron or manganese ore.

**Scrap.** In view of the fact that all kinds of scrap constitute essential raw material



for the non-ferrous alloying industry and also because their prices do not vary appreciably. It is felt that all non-ferrous scrap should have a lower classification. In some cases there is no appropriate classification of certain scrap and to avoid the difficulties arising from arbitrary imposts it appears that the goods tariff should give clearer indications than at present. Scrap of non-ferrous metal and/or alloy exist in different forms like old tubes, old bars, old rods, old rounds or flat and though the goods tariff prescribes a particular class of freight for scrap of specific metal or alloy, there is scope for confusion in this respect. For that purpose, a general classification would be helpful and the Customs nomenclature of scrap should be adopted. In case of doubt, the freight should be assessed only as scrap and the consignment delivered against guarantee of "mutilation or smelting".

The Association suggests that all non-ferrous scrap should be carried under lower classification, preferably Class 3.

In the railway freight classification, scrap gun metal falls under class 3 and finished white metal under class 12, while there is no separate classification either for scrap white metal or for scrap gun metal borings mixed with scrap white metal. Accordingly, the railways charge scrap gun metal borings mixed with white metal scrap under class 12, though it should have been charged under class 3. The contention of the railways that gun metal borings mixed with either white metal or scrap white metal are actually two or more classes of goods and are therefore chargeable under Rule 83(1) of the IRCA Goods Tariff is wrong as actually the mixed borings should be regarded as one class of goods. It is also obvious that gun metal borings, when mixed with approximately 2% white metal scrap, become actually less valuable than pure gun metal borings and cannot have a higher freight. It is therefore, suggested that for scrap metal borings mixed with scrap white metal the proper classification should be class 3. Bronze scrap should also come under 'Scrap' in class III.

**Alloys:** White metals are put in class 12 irrespective of grade and price. The value of white metal depends on its tin contents and it is uneconomical that white metal containing 6% tin should be charged the same rate of freight as white metal No. 90 which contains 90% tin. It is therefore suggested that white metal with lower value should be charged lower rate of freight, preferably class 4 and class 8 for low grade and high grade white metal respectively. Similar is the case with solders whose prices vary over a wide range, but is at present charged under class 12.

The existing Goods Tariff classifies gun metal under class 4 and bronze under class 8. The standard chemical compositions of various grades of gun metal and bronzes are very nearly identical and their value consequently is approximately the same. It is therefore felt that the distinction between gun metal and bronze in this matter should be abolished. Generally, gun metal containing phosphorus is called phosphor bronze; similar is manganese bronze, zircon bronze etc., while lead bronze which

is gun metal is usually termed in commercial language as bronze and is also charged according to gun metal rates. Technically, bronze is a pure alloy of tin and copper and gun metal is an alloy of copper and tin with a small percentage of lead and zinc also. In this country pure bronze containing only tin and copper is used only in very small quantities and therefore both gun metal and bronze should be classified under the same heading, viz., class 4. On similar considerations, such alloys as phosphor bronze, manganese bronze, silicon bronze should be grouped under the same class allotted to gun metal since they belong to the family of bronzes which is another name for gun metals in spite of a fractional percentage of phosphorus, manganese or silicon being in them. Their prices also do not vary appreciably in order to justify a separate and higher classification than gun metal.

Printing metals cost the same thing as gun metals but while the former is put under class 8, the latter is placed in class 4. The freight rates for printing metals should therefore be suitably modified.

Brazing metal is put in class 12, but on consideration of its price, it is felt that the metal should be put in a lower classification. It is also our view that brazing solder is quite different from tin solder and should not be indexed under solder as done at present.

On consideration of the price factor phosphor, copper which is placed in class 14 and antimony which is placed in class 12 should be lowered in the classification list. The latter, further, is a raw material as distinct from finished or semifinished items.

**Semi-Manufactures.** Brass sheets are generally in the form of square or rectangular sheets or circular discs and should be charged the same class or freight irrespective of whether they are circular or sheets or flats.

The same consideration should apply to brass rods also.

**Miscellaneous.** Copper coated iron or steel wire is actually not steel cored copper wire but is steel or iron wire with a coating of copper as an anti-corrosive agent. It cannot therefore be classed as copper wire N. O. C. nor as wire tinned copper under electrical appliances and fittings. In the opinion of the Association, the proper classification would be that under which galvanised iron wire is placed, in the present case this is ferrous wire with a protective coating of copper instead of a protective coating of zinc as in the case of galvanised iron wire. It is therefore suggested that copper coated iron or steel wire should be placed under the same classification as galvanised iron wire, viz., "Wire iron or steel under Iron or steel Division B".

"Copper wire, bare, hard drawn, (for overhead lines electric) is shown in page 119 of the Goods Tariff No. 28 as under Electrical Appliances and Fittings Division C. The main reason for placing such copper wire under Electrical Appliances and Fittings, Division C was its use for industrial purposes as Power Transmission Lines and therefore it was granted a cheaper rate.

It is the opinion of the Association that such wires used for purposes other than overhead power transmission lines, should also be charged at the cheaper rate obtaining under Electrical Appliances and Fittings Division C., although such wires might not be used on an industrial scale. Moreover, besides such lower rates being an encouragement to industries, it is justified on the ground of possible difficulty for the railways to check, where a single wagon load contained different gauges of copper wire. Dual classification of an item, based on its use, is to be deprecated.

We stated earlier that the Railways have not been responsive to the needs of industries in the process of development. We may mention here a striking case which has come to our notice which is of freight rate applicable to bauxite moved regularly from Lohardaga to Muri. In the latter half of 1946, the freight rate for this movement worked out to Rs. 1-13-0 per ton but before despatches actually started, the rate was enhanced to Rs. 3-13-0 per ton. There were further increases in quick succession, the rate going up to Rs. 4-12-0 per ton with effect from 15-6-48 and Rs. 5-6-3 per ton with effect from 1-4-49 and finally Rs. 5-10-10 per ton with effect from 15-3-51. This rate is a preferential rate. In comparison with the old rate therefore, which was promised to the industry in 1946, the increase has been substantial. On one open hopper wagon of 15 tons, the freight charge in 1946 would have been Rs. 27-3-0 against the present freight charge of Rs. 85-3-0. This is a clear case of unhelpful attitude adopted in regard to development of industries and ignoring of the possibilities of future traffic. The instances which we have mentioned of petroleum coke and aluminium extruded alloys are also in the same category. The price of petroleum coke is only Rs. 50 per ton as against the freight charge which it incurs for a distance of about 997 miles, of Rs. 65-6-6 per ton. The increase in freight here, from 1948, is about 360% as the WL rate for a ton of petroleum coke then was Rs. 14-3-0, which along with other incidental charges totalled Rs. 18-1-0. It has been estimated that on a ton of metal produced, this increase in freight has increased cost to the extent of Rs. 30-8-0. The Tariff Commission, which examined the claim of the aluminium industry for protection three years ago, specifically recommended that the question of freight rates on raw materials and semi-manufactured goods should be examined with a view to eliminating factors which may retard attainment of a low cost of production of aluminium in the country. The movement of petroleum coke is regular and is in bulk and it is apparently indefensible to charge it at ordinary tariff rates. It takes place between specific points. Coal, coke and patent fuel which are having similar characteristics, have wagon load rates while preferential station-to-station rates exist for minerals, ores and pig iron for relatively smaller hauls. Mineral ores which fall under 1 RR have wagon load rates which are either WLC or WLCR. Bauxite also has a wagon load rate for a movement of only 79 miles. However, the rate applicable to Bauxite of Re. 0-5-5 per maund from Lohardaga to Jaykaynagar is considered to be very high having regard to the price of bauxite itself

and it would be of considerable assistance, to the industry if this should be lowered to annas 4 per maund.

In the case of aluminium extruded alloys, it is clear that potential traffic that may be available to the railways for the development of this industry has not been taken into consideration in classifying it under its present high class which is clearly not in keeping with the principles of a reasonable freight rate structure.

The requests of the industry therefore are (1) that the classification of items should be with reference to their transportation characteristics and should bear proper inter-relationship; (2) that there must be an adequate number of wagon load rates and station-to-station rates; (3) that the potential traffic which may be available to the railways should be taken into account in fixing the freight rate applicable to a commodity; (4) that within the freight rate structure that may be laid down, the railways should be prepared to extend certain concessions to particular industries on the possibility that this industry may develop and (5) that the general conditions of an industry should be taken into account in considering request from units of it for assistance by concessional freights.

*General.* Apart from these the Association would like to stress that non-ferrous metals are generally having very low risk in carriage and claims coming before the railways in respect of these materials have been insignificant. Compared to compensation which may be paid to consignors of other items such as cigarettes, the item of risk involved here is negligible. This is a consideration of extending concessional freight rates to the commodities falling under this group. Secondly, the liability of railways for carriage is of a 'bailee' under the Indian Contract Act 1872. A tendency has been noticed on the part of the railways to repudiate claims arising from running train theft without giving adequate reason. In a Court of Law, the railways are liable to give such information as may be called for to substantiate their repudiation of claims but when claims are settled out of Court, the railway administrations avoid furnishing information which they would be obliged to do in legal proceedings. To reduce this to a minimum, the Association suggest that the railways should reveal to the claimant some fundamental information as to how the goods were handled while they were in the Railways' custody. Further, there should be statistics to show the total amount of claims which have been preferred against the railways since 1947 according to commodities and in cases where such claims have been, minimum, there should not be necessity for placing them in a high class. Such statistics if called for, may well reveal that certain commodities incurring negligible claims for compensation against railways are yet paying high freight presumably to enable railways to meet their obligations emanating from heavy compensation claims preferred to the railways. In their status as bailees, the railways are to take as much care of the goods as a man of ordinary prudence would do of his own goods under similar circumstances. This is not always the case as may be seen from specific instances. For example it is not known how tobacco, country manufactured with a high

incidence of loss could be charged under 10 RR while aluminium extruded sections with negligible possibilities of loss in transit could be charged under 11 RR. A person acting in his ordinary produce may not resort to charging on this basis. Thirdly in regard to enquiries for claims these enquiries should be speedy and claims should be settled readily. Fourthly, some comments may be made about open delivery terms. Once delivery has been given to a party, goods are left at the Railway's premises with responsibility to them for their safety. For purposes of cross checking, station masters may have no inspect or the scales maintained at the station may not be able to weigh full wagon loads. Under these conditions, the materials remain in the railway yard even after delivery but the railway does not carry the risk in respect of them. Fifthly, transshipment charges should not be a separate item under telescopic rating and in no case they should vary from commodity to commodity or as between smalls and wagon loads as transshipments are effected on contract. In the case of transshipment from Metre Gauge to Broad Gauge, no adjustment is made for wagons which may be short loaded while passing from one gauge to another. Some comments seem to be necessary also about 'demurrage'. From the time that a wagon is placed at the siding, six hours are free for the party but from then on demurrage accrues. Recently, this practice has been amended to the effect that if the pilot calls and one or more wagons are seen unloaded then it incurs demurrage, not until the wagon is cleared but until the pilot

calls again. It is suggested that the demurrage should be payable only for the actual working time. For instance, the grace period free from demurrage may technically start at 6 o'clock in the morning but the goods shed may actually open only at 7 or later, in which case charging demurrage for all time beyond 6 hours would not be fair. Further, the practice under which uniform working hours are maintained irrespective of the time of the day-break or sunset in localities would not be also reasonable.

Another point which may be stressed is that in terms of the Railway Act, a notice for preferring a claim has to be served on the 'Manager' of a Railway Administration but there is no officer designated merely as 'Manager'. Obviously, the intention was that this notice should be served on the person now designated as the General Manager. Railways periodically notify that claims for compensation and refund should be addressed to the Chief Commercial Superintendent of the Railway Administration. The claimant, who complies with such notification, if he is to take the same matter to the Court, will find that his case is weak as he has not served the notice according to the particular Section of the Act, which requires him to serve the notice on the Manager and not the General Manager or the Chief Commercial Superintendent.

The Committee of the Association trust that the remarks made herein will receive the careful and sympathetic attention of your Committee.



Indian Paper Mills Association,  
Calcutta.

#### GENERAL

The Committee at the outset would point out that though the principle of telescopic rates which were introduced from the 1st October, 1948, should have proved helpful to the industries on the whole, in practice the rates have not been helpful to the paper industry since it has caused overall increase in freights on the movement of raw materials to and finished paper and boards from the mills in the membership of the Association. In this connection, they may state that prior to 1st October, 1948, paper was put under class 3 and as such it was paying a lower rate of freight than what it is paying at present (under class 3). The incidence of freight increased further due to subsequent revision from the 1st of April, 1955, according to which paper mills' traffic moving upto 858 miles were compelled to pay a higher rate of freight though there has been a slight decrease in rates in respect of traffic moving beyond 858 miles. The Committee need hardly state that as a result of the adoption of the revised general classification of goods in 1948, the cost of production of paper by the member mills has gone

up affecting adversely the interests of the industry particularly at times of keen competition. They would further add that in spite of the flexibility provided in the present rate arrangements, the member mills continue to experience these difficulties since the Railway Authorities hardly concede to the reduction of the rates on paper, grass, bamboo, etc. provided in the arrangements.

The Committee would also point out that the existing classification in respect of certain raw materials used by the paper industry needs revision. For instance Sodium Sulphate, Sodium Aluminate, Soda Caustic and Sodium Sulphide, Ferric Alum and Rosin etc., which are used in the manufacture of paper, should be charged on a uniform basis at WL/B rate. Similarly, minimum rates prescribed for rags and waste paper should be uniform. They would further add that the existing minimum weight condition should be revised in such a manner that counting and checking up are made easier at any time when loading is finished before sealing. Besides, in respect of certain raw materials

like grass, the existing weight condition is already very high. For example, grass, when the same is transported in moist or wet condition during the rainy season, and rags on account of their bulk, cannot be generally loaded upto the minimum prescribed weights viz., 160 maunds and 270 maunds respectively. The Committee would, therefore, suggest that weight condition for bulky articles like Bamboo, Grass, Rags, etc. should be reduced, which will give impetus to the paper industry to offer large traffic. They would also suggest that there should be proper relationship between minimum weights for broad gauge, metre gauge and narrow gauge wagons.

The Committee would like to mention that the quoting of station-to-station rates for the movement of raw materials like grass, bamboo, etc. and finished products, would help in the development of industries in the new areas. They understand that requests from some of the mills in the membership of the Association for special station-to-station rates for the movement of raw materials have been turned down by individual Railway organisations. For instance, M/s. Orient Paper Mills Ltd., requested for station-to-station rates for movement of limestone Ex-Maihar and Jukehi, Central Railway to IB and also for Ferric Alum ex-Kanpur to IB. The Railways, however, did not accede to the request of the member mills. The Committee would, therefore, suggest that station-to-station rates should be quoted for the movement of raw materials, machinery and finished paper and boards which would assist the speedy development of the paper industry.

#### PART I.A.

Q: 1. The Committee of the Association would point out that the effect of the adoption of the revised general classification of goods on industry and trade has not been beneficial. Up to September 1948 there were 14 classes of traffic rates (shown in Annexure A) and paper was charged under Class 2 at a flat rate of 46 pie per md., per mile. However, with effect from the 1st of October, 1948, the Railways introduced the revised classes of rates (as per Annexure B) which were all on telescopic basis. These rates were subsequently further revised with effect from the 1st of April, 1955, (as shown in Annexure C). According to the revised classification introduced from the 1st of October, 1948, as well as from 1st of April, 1955, also paper was put under Class 3 as against Class 2 prior to 1st October, 1948. It is, therefore, evident that from the 1st October, 1948, paper traffic was paying a higher rate of freight under class 3. The incidence of freight increased further as a result of the subse-

quent revision from the 1st of April, 1955, according to which traffic moving up to 858 miles were compelled to pay a higher rate of freight even though there has been a slight decrease in rates in respect of traffic moving beyond 858 miles. On a comparison with the rates prevailing before 1st of October, 1948, the Committee would point out that the present rates are considerably higher. As a result of the adoption of the revised general classification of goods in 1948, the cost of production of paper produced by the mills in the country has gone up affecting adversely the indigenous industry, particularly at times of keen competition.

Even though this enhancement in the traffic rates may not have resulted in shrinkage of paper traffic from 1948 up to date on account of favourable market conditions that prevailed during this period, it is very likely to have serious repercussions during the slump period ahead, which has not been unusual in the paper trade.

The paper mills in the membership of the Association have to pay increased freight for the movement of raw materials. For instance, the freight costs in respect of movement of caustic soda and soda ash from Mithapur, Dalmianagar, Dhrangadhra, Delhi, Alwaye and other places of production to the mills have increased considerably after 1948 with the result that the difference in freight cost alone for the same distances, as compared with the rates prior to 1948, worked out to 30 to 50% in many cases. Similarly, in the movement of sabai grass, another raw material used by the paper industry, some of the member mills have to pay after 1948 about Rs. 120/- per Broad Gauge wagon for moving grass over a distance of 400 miles as against Rs. 80/- per B. G. wagon prior to 1948. In the case of Orient Paper Mills the freight on a wagon load of bamboos from Sambalpur to IB Orient Paper Mills siding (distance 36 miles) was Rs. 23/1/- prior to 1-11-48 whereas the freight after the introduction of telescopic rates is Rs. 36/1/-.

Though the principle of telescopic rates should prove helpful to the industry on the whole, the Committee would like to mention that in practice the telescopic rates on continuous mileage over the different railways, which was introduced in 1948, has not been helpful to the industry and trade generally, since the system of telescopic rates has caused overall increase in freights of all classified goods compared to the rates obtaining prior to 1948. A comparative statement in support of these view-points is furnished hereunder:

Class.	Mileage.	Telescopic rates introduced in 1948, inclusive of Terminals per maund.			Rates prevailing prior to Oct 1948 inclusive of all charges (Ex M. & S. M. Railway).		
		Rs.	a.	p.	Rs.	a.	p.
I	103	0	6	0	0	3	11
	230	0	11	9	0	7	11
	365	1	1	4	0	12	3
	438	1	4	1	0	14	6

Q: 2 (a & b). The present rating arrangements provide for substantial flexibility to meet the needs of the industry inasmuch as a minimum flat rate of .20 pie per maund per mile has been fixed in respect of goods falling under classes 2 to 15 including paper, and .16 pie per maund per mile for class 1 which is applicable in respect of movement of certain important raw materials required by the paper industry, viz., grass and bamboo. The Committee would, however, point out that in spite of the flexibility provided in the present rating arrangements, as stated above, the member firms experience difficulties, since the railway authorities hardly concede to the reduction of the rates on paper, grass and bamboo etc. provided under the arrangements. For instance, 'grass dry' was required by the strawboard producing mills to be treated as raw material for the manufacture of strawboard and paper and the mills also requested that in these cases 'the short distance charge' and the minimum wagon load charge, be waived. For the finished products of theirs, they simultaneously wanted a W.L. rate. The Railways were not amenable to these with the result the case went up to the Railway Rates Tribunal. The Tribunal upheld the first two requests and being in no mood to accept the decision, the Railways appealed to the High Court at Madras. Finally, the Court confirmed the Tribunal's decisions but felt that in respect of the last request of the industry, it had no jurisdiction.

Q: 3. (i) In the opinion of the Committee, the number of class rates and wagon-load scales is adequate. The different class rates and wagon-load scales are also considered appropriate in relation to one another.

(ii) (a) Having regard to the normal haulage in respect of paper and its raw materials, the Committee are of opinion that the distance range fixed in respect of each 'leg' is rather high. They feel that in the case of paper, the distance range should be reduced to 150 miles in respect of each of the first two 'legs' and the rates for the third 'leg' should be made applicable in cases of distance beyond 300 miles. As regards grass and bamboos to which W.L./C rates are applicable, the distance range should be reduced in the first two 'legs' from 150 miles to 100 miles.

(ii) (b). While the Committee do not feel inclined to make any detailed comments on this point, they would welcome any reduction in rates. However, they would point out that the freight on movement of paper was charged under class 2 prior to October 1949. They would therefore, suggest that Railways should revert to the old classification, and place paper under class 2 instead of class 3. As regards the financial effect of the modifications suggested above, they would point out that although there may be slight fall in the income of the Railways in the beginning, reduction in freights on the movement of paper would create an incentive for intensive development of the industry which will enable the Railways to gain in the long run more revenues due to the increased volume of traffic that would be offered.

Q: 4. The Committee are of the considered opinion that the existing practice should remain as at present.

Q: 5(i). The Committee feel that no terminal charge should be levied as the present conveyance rates are quite high and as they are expected to cover all incidental services rendered by Railway Administration, it may be pointed out in this connection that the terminal charge consists of the following:

(a) Station expenses	... 0-0-6 per md.
	each end.
(b) Loading/Unloading expenses	... 0-0-2 per md.
	each end.
Total	... 0-0-8 per md.
	each end

or Re. 0-1-4 per md. taking both ends into account.

Where the loading and unloading is done by the owners, the Railways levy a terminal charge of 6 pies per maund only on each end. On the other hand, where loading/unloading is done by the Railways, the additional charge of 8 pies per maund is levied by the Railway. Further, according to the present rules, owners who have their own assisted siding are being granted a rebate of 2 pies per maund only on consignments booked to and from their assisted siding on the ground that loading/unloading is being done by the owners. In the circumstances, the Committee find no reason for levying a charge of 6 pies per maund by the Railways in the case of assisted sidings where no terminal services are rendered by the Railway by way of godown/goods shed expenses. On the other hand, the member factories have to incur expenses for up-keep of their siding besides the payment of salary of the railway siding clerk as well as other incidental expenses. In view of the above, the Committee would suggest that the terminal charges should be considerably reduced.

(ii) As regards the short distance traffic of less than 75 miles, the Railways are at present recovering the charges on account of (a) the minimum distance for charge fixed at 20 miles, (b) a short distance charge of 6 pies per maund, and (c) Rs. 1-12-0 per ton on the carrying capacity of the wagon used, which is about one anna per maund.

Further the Committee would like to state that the charge fixed for the minimum distance is adequate, provided the minimum distance is reduced to 10 miles instead of 20 miles.

(iii) The additional charge of 3 pies per maund for each break of gauge as is being levied at present seems reasonable.

Q: 6. The present distance unit for charge on the basis of one mile should be retained.

Q: 7. The Committee are of opinion that the existing minimum distance for charge of 20 miles for goods traffic should be reduced to 10 miles, as has been pointed out in the replies to the question No. 5 (ii) of the questionnaire.

Q: 8. By the use of tank wagons the railways are equally benefitted inasmuch as they recover freight charges on carrying capacity of the tank wagons used as against on actual weight which is practically half the carrying capacity when liquids are tendered in containers. Besides the railways are in a position to utilise the tank wagons on their return journey. In view of the above and as the freight is already sufficiently high for



liquid commodities that are carried in tank wagons the Committee find no justification for railways to recover empty haulage charges.

Q: 9 & 10. The Committee feel that in case of certain commodities the existing classifications of goods are not justified both in respect of their rates and minimum weights prescribed. The Committee would like to point out by way of example the following particulars regarding the commodities mentioned below:—

Sodium Sulphate is charged at WL/B.

Sodium Aluminate is charged at IV class.

Soda Caustic is charged at WL/B.

Sodium Sulphide is charged at IV class.

For waste paper minimum weight for BG is 300 maunds.

For Rags minimum weight for BG is 270 maunds.

For Waste Paper minimum weight prescribed for MG is 240 maunds.

For Rags minimum weight prescribed for M.G. is 180 maunds.

Since all the four chemicals mentioned above, viz., Sodium Sulphate, Sodium Aluminate, Soda Caustic and Sodium Sulphide, Ferric Alum and Rosin are used in the manufacture of paper, they should be charged on a uniform basis at WL/B rate. Woodpulp is classified under 1 RR as raw material for manufacture of paper and at 2 RR under 'Pulp and Pulp sheets'. It may be pointed out that fibrous materials for paper making, pressed, have WLC/OR rate or WL/CR/RR rate subject to a weight condition of 270/300 maunds. Wood pulp at 2 RR, has no W.L. rate. Apart from the dual classification of the same commodity by use, the absence of W.L. rate is important. Unlike iron and steel or jute, it has no station-to-station rates either. Paper Mills use large quantities of pressed wood pulp sheet which have the character of fibrous materials pressed and they must therefore be able to have a W.L. rate for wood pulp as for the latter. Similarly, minimum weights prescribed for rags and waste paper should be uniform. Thus the existing classification needs revision.

The Committee would also like to suggest in this connection that paper should be grouped at least into class 2 if not class 1 as was the case prior to 1st October, 1948. The Committee feel that the grouping should be reviewed in respect of certain other commodities to avoid anomalies. For example, stationery made out of paper is being charged under class 12 as an item of 'Stationery N.O.C.' It need hardly be pointed out here that stationery articles such as pens, pencils and other equipments of similar nature should be distinguished from stationery made out of paper. School exercise books particularly, are nothing but paper converted into handy form for the use by the students, and should therefore, be classified along with paper. The Committee would like to suggest that paper stationery required for educational purposes should not be subjected to a freight higher than that fixed for paper.

Q: 11. The Committee feel that in principle the wagon load rates should be lower than

those for 'smalls', since the cost of carrying the commodities in wagon loads is admittedly less than that for 'smalls'.

Q: 12. No views to offer.

Q: 13. No comments.

Q: 14. In the opinion of the Committee, the minimum weight for 'smalls' carried by goods train should be revised and fixed at 20 seers or half-a-maund instead of the existing rate at 7 seers.

Q: 15. In the opinion of the committee this suggestion should not be accepted. It vitiates against the principle of freight rate being based on what the commodity can bear. So the difference in freight rates should remain.

Q: 16. (i) The Committee feel that for the better utilisation of transportation capacity from time to time the railways should make available wagonload-scale for a larger number of commodities than at present. As regards the existing minimum weight condition, they would point out that it should be revised in such a manner that the prescribed minimum weight may be easily loaded and stocking is done in such a way that counting and checking up are made easier at any time when loading is finished before sealing. They would suggest that the minimum weight condition for qualifying for a wagonload rate should be decided on the basis of the floor-area of each type of wagon.

It may be pointed out in this connection that with regard to certain raw materials required by the paper industry, the existing weight condition is already high. For example, grass, when the same is transported in moist or wet condition during the rainy season, and rags on account of their bulk, cannot be generally loaded upto the minimum prescribed weights viz., 160 maunds and 270 maunds respectively. It is, therefore, necessary that weight condition for bulky articles like bamboo, grass, rags, etc. should be reduced, which should give impetus to the paper industry to offer large traffic, since the present minimum weight condition is already more than the maximum weight which a wagon can hold generally. The Committee are of opinion that the minimum weight condition with regard to these two commodities should be reduced to 120 maunds in respect of grass and 200 maunds in respect of rags.

(ii) The Committee do not agree with the suggestion indicated under this item of the questionnaire. They would like to refer in this connection to their replies to question 11 and state that freight rate on wagonload should be reduced so as to enable better utilisation of wagon capacity. It is essential that there should be proper relationship between minimum weights for broad gauge, metre-gauge and narrow gauge wagons. For instance, the ratio between the minimum weights for broad gauge and metre-gauge in respect of bagasse is about 75% bamboo chips 80% bamboo crushed, 80% and cloth waste 80%. In order to utilise properly the available capacity, the proportion between broad gauge and metre-gauge wagons will have to be varied.

(iii) The Committee agree with the suggestion indicated under this item. They feel



that the adoption of the suggestion will give an incentive to the trade to load wagons to the full capacity, which will also relieve strain on railways.

Q: 17. The Committee consider it desirable to introduce "train-load rates" as a feature of the Railway freight structure in addition to the present 3 types of freight rates. The consignments will then move quickly without unnecessary detention and thus help the industry and trade generally to get their commodities early.

For instance, in the case of movement of grass, which is a seasonal traffic, supply of rakes will offer incentive for clearance of the traffic within a much shorter period. A planned supply of train-loads to various interests can be arranged and since the duration of movement under this system will be considerably reduced, it will help railways to utilise wagons in a better manner. However, it was found that allotment of wagons for the movement of iron ore and manganese ore some time back, when the train-load rates were introduced for these commodities, was done in a haphazard manner with the result that exporters found considerable difficulty in utilising their permits. As such, it is necessary that when train-load rates are introduced, care should be taken to see that other commodities which are not well placed, are not affected. Besides, the introduction of train-load rates will also depend upon requisite track capacity and adequate loading stock being available.

Q: 18. The Committee welcome the introduction of special express goods services at some additional charge, since it would enable the Railways to remove delay in the movement of consignments, provided the Railways agree to give rebate at double this additional charge in case of failure to deliver the goods in time, which should be fixed beforehand and mentioned in the relative Railway Receipts. However, it is necessary that the Railway Administration before levying an additional charge for express goods services guarantee speedy delivery of the consignment at destination within the prescribed time, as otherwise the benefit of paying an extra charge by the industry will be lost.

Q: 19. Recently the Railways have changed their old rules and demand demurrage on consignments till the crane is received from any of their stations. Since all the stations do not possess cranes, the Station Masters on demand send telegrams to the stations where cranes are available. Sometimes the crane is not available, while in certain other cases it takes a number of days to get the crane at any particular station with the result that the period taken in getting the crane is calculated for incurring demurrage. The Committee would point out that previously no such demurrage was charged as it was considered to be the responsibility of the Railways to supply cranes.

Since the railways cover haulage charges for the supply of cranes, the Committee do not find any reason why demurrage should be charged till the crane is made available for loading and unloading, as it is the responsibility of the railways to supply cranes from one station to the other. The Com-

mittee are, therefore, of opinion that levy of demurrage charges on wagons detained for supply of crane in addition to the heavy haulage charge for the crane is inequitable. They have, however, no objection to the demurrage being charged for detention of wagons beyond a certain period after the supply of cranes by the railways. They would further point out that the present freight charges are very high and should be reduced considerably. Besides, important industrial stations, where industrial development is in progress, should have cranes for the loading and unloading of various consignments.

Q: 20. No views to offer.

Q: 21 (a & b). It is very essential that from the long range point of view alternate means of transport than railways should be developed either by lowering the pooling or by subsidisation. So far the policy had been to encourage the movement of goods by rail since it was feared that road competition might minimise railway's revenues. However, conditions have changed and private operators by the road should be given the opportunity to carry the traffic over short distances. For this purpose the railways may refuse to accept goods for movement up to 50 miles except bulk commodities like coal, grass, bamboos, etc., which are industrial raw materials. The Government should encourage development of road transport by reducing taxes on petrol, registration fees etc.

(c) Wherever coastal freight for bulk commodities is much higher than the relative railway freight to the port concerned, the Government should encourage movement by sea by granting subsidies to steamer companies thus enabling them to reduce the freight rates to economic levels.

Q: 22. As regards road transport, the rates change very often with the result that there is no fixed rate. However, the Committee would point out that except where the rail route involves a longer haulage, movement by road has not always been cheaper because of the high level of taxation levied by the Union, State and Local Governments.

Q: 23. The Committee welcome the suggestion for the creation of a freight pool, as such a procedure will enable the industry to obtain their supplies of coal, kerosene oil, petrol, iron and steel, etc. at reasonable freight rates. The principle of 'pooling' can be extended where there is a definite price advantage in relation to the imported product, which is already in existence in respect of cement, chemical fertilizers, petroleum, etc., since their prices have been controlled by the Government. But pooling in respect of industrial raw materials will affect differently the various producers since their costs will be different. They would, however, point out that the system of freight pool should not be employed in case of short distance traffic, say upto 150 miles, particularly in case of industrial raw material like coal as it is in the interest of the nation that industries should be located in such a way as to enable them to manufacture their products at the most economic costs. The pool should be utilised in such a way as to ensure that the advantage of locating industries in the best-suited places is not lost and

such search for new industries is not discouraged.

Q: 25. In the opinion of the Committee, the working of the freight pool should be entrusted to an appropriate agency on which all the interests concerned should be represented. Besides, the working of the pool should be flexible enough to make the necessary alteration to accommodate any change that may arise.

Q: 26. The industrial and agricultural development already achieved, as well as the development schemes, which are contemplated to be implemented in future, would increase the volume of traffic yielding more revenue to the railways. Even though agricultural and industrial production increased considerably during the First Five-Year Plan, new industries during the period have more or less been concentrated in particular regions. The question of high freight rates, apart from the availability of power and fuel, has also a bearing on the location of new industries. It is, therefore, necessary that in order to promote industries in other areas, the freight rates should be considerably reduced.

Q: 28. Even though a number of instances can be cited by the member mills where requests for station-to-station rates or for reduction of existing rates for the movement of raw materials required by them have been turned down by the railways from time to time, the Committee would like to give below one or two instances which will show that the railways had not appreciated the difficulties of the member factories.

M/s Sree Gopal Paper Mills Ltd., requested the Northern Railway for the quotation of reduced rates for movement of grass, but the same was not acceded to by the Railway. Similarly, M/s Rohtas Industries Ltd., requested in 1948, when the revision of rates was being announced, for station-to-station rates for movement of raw materials and finished products, but the requests were not acceded to on the ground that the Railway Board had not agreed to sanction any special rates. Orient Paper Mills made two requests. One for quoting station-to-station rates for limestone Ex-Maihar and Jukehi, Central Railway to IB and the other for station-to-station rate or wagon load scale rate for Ferric Alum ex Kanpur to IB. Both requests were turned down.

Q: 29 & 30. While the adoption of the principle of telescopic rates on the continuous mileage over the different railways has been helpful to a certain extent, the Committee would point out that the rates since 1948, as mentioned earlier, had been raised considerably which has affected adversely many member mills. They would, therefore, suggest that special rates should be fixed for the movement of industrial raw materials and finished products and also for such machinery as will enable speedy industrial development. Besides, revival of the station-to-station rates for important industrial commodities would assist the pace of economic development.

Q: 31. The Committee agree with the suggestion that the Railway freight rate policy should not be based only on the consideration of the economics of transportation and the needs of railway finance. The said

policy should also be based on the economic condition of the country. The industrial development of the country being the national objective, the view-points of the industries should be taken into consideration while framing the railway freight policy.

Q: 32. The question as to whether the railway freight structure should be utilised to assist the development of particular industries should depend on the nature of such industries and their importance to the country. The Committee may point out here that since paper industry serves educational needs, it deserves special consideration in this regard.

Q: 33. The Committee are of the opinion that the Railway Administration could render assistance to the establishment and development of industries in the new areas, but not of new industries as against established industries. In no case freight rates should be employed in a discriminatory manner. Consideration by way of special station-to-station rates may be given to the newly planned industries but the extent of assistance should be such that the interests of the existing industries are not affected. The question of assistance to the newly planned industries should depend upon the importance of such industries to the country and time they require for development.

Q: 34. While the Committee agree with the idea that with a view to accelerating the pace of construction of new lines in under-developed areas charges may be recovered on the basis of inflated mileage so that the project might not be financially burdened, they would point out that this step should be resorted to only in extreme cases, since as a result of large-scale expenditure in the Second Plan Period new facilities would definitely yield larger traffic bringing more revenue to the Railways. Even where such levy is necessary, they would suggest that the recovery of such charges should be made only for a limited period and the practice be abandoned as soon as the position eases.

Q: 35. The Committee are of the opinion that during the next five years when rapid expansion will be made by the country in various directions, the Railway Board has got a special responsibility in furthering the development and growth of the country. As such, it will be essential to frame a freight policy in such a manner that the normal requirements are met fully. Besides, the freight policy should be framed to bring about a dispersal of the industries and also to encourage the growth of industries in the less developed areas. In this connection the Committee would point out that in the western industrialised countries, transport never offered a serious problem at any stage of expansion. They would also suggest that Railways should introduce special reduced rates on the guaranteed load and maundage within certain period which would help in the better utilisation of wagons within a shorter time. The Railways consequently would also get more revenue.

As regards the question of securing adequate revenue for meeting increases in maintenance and operation costs due to

the investment of large capital both in the construction of new railway mileage and the provision of rolling stock and other facilities, the Committee are of opinion that capital expenditure should not be met from current revenues. Already the railways are charging to revenue certain items which are not considered productive in terms of Railway convention. The Committee would, therefore, suggest that Government should not make any profit on the management of Railways over and above what will be required for meeting the interest and regular depreciation charges.

Q: 36. No views to offer.

Q: 37. Since the village and cottage industries are being assisted by the Government in various ways like levy of a cess on large scale industries etc., the Committee are of opinion that assistance could be given by liberalising the conditions and by special grouping of these commodities for purposes of rating instead of modifying the freight rates for products of village and cottage industries.

Q: 38. No comments.

Q: 39. It has been repeatedly mentioned by the Railways themselves that in regard to perishable commodities and ore and coal, the present freight structure has been working below the cost of transport. The Committee are not aware of any other commodity which is carried at rates below the cost of transport. However, they would like to suggest that the general classification of commodities should be in accordance with their prices irrespective of the cost of transport as otherwise low priced commodities will have to bear the burden of heavy freight, as a result of which their cost at the consuming centres will be increased to an extent more than what it ought to be.

Q: 40. With the increase in the traffic during the next plan period the revenue of the railways will also increase. Hence the Committee feel that the financial stability of the Railways will not be affected owing to increased transport capacity which will be required to be provided for by the Railways during the Second Five-Year Plan period. It may be pointed out here that generally the additional traffic does not cause additional expenses in the same ratio. The additional revenue to be derived from the increased traffic will adequately cover the expenses contemplated by the railways for increasing the transport capacity during the next five year plan period.

Q: 41. The Committee suggest that stable rates of railway freight should prevail irrespective of the fluctuations in the competitive conditions in the export market. They would, however, point out that it may not be possible for the railways to keep pace with day-to-day fluctuations in the competitive conditions in the export market. Moreover, owing to uncertainty of rates the traders will find it difficult to offer their quotations to overseas markets. Since it will be necessary to augment the foreign exchange earnings during the Second Plan Period, from the overall point of view, railway freight and port charges will have to be taken into consideration while determin-

ing the cost of transport and steps should be taken by the railways to bring down the high cost of freight so that it may not prove as a handicap in the export of commodities which will bring more foreign exchange.

Q: 42. So far as the movement of paper and its raw materials are concerned, the Committee would point out that there has been no change in the pattern of traffic except that the quantum of traffic has increased due to the increase in production. For instance, in the case of Orient Paper Mills the question of traffic has been practically doubled.

Q: 43. Please refer to replies to Qs. 35, 40, 32 & 26.

Q: 44. The prices of paper for civil supplies are on f.o.r. destination basis, while those for Government supplies are on f.o.r. forwarding station basis. As regards raw materials some prices are quoted f.o.r. destination and some f.o.r. forwarding station. But in case of finished products prices are f.o.r. destination for non-Government parties and f.o.r. mills for Government indentors. The present price list both for public and Government supplies in respect of the main varieties of paper produced by M/s. Shree Gopal Paper Mills Ltd., a member firm of the Association, is attached together with a statement of railway freight for some of the important stations to which their goods move in large quantities.

Q: 45, 46 and 47. No views to offer.

Q: 48 to 50, 52 and 53. The Paper Development Wing, Ministry of Commerce and Industry, Government of India, New Delhi, will be in a better position to furnish the requisite information.

Q: 51. During the 2nd Five Year Plan, there will be considerable industrial development in the areas covered by the State Governments of Bengal, Bihar and Orissa. The output of steel will increase to 5 million tons from 1½ million tons by 1960-61. The establishment of steel factories at Rourkela, Bhilai and Durgapur will call for additional traffic. Besides, the expansion in the capacity of various industries in public sector like Chittaranjan Locomotive factory, Sindri Fertiliser Factory etc. will account for a large freight traffic. The areas where the new steel factories will be located are very close to some of the paper mills. As such, it would affect adversely the movement of raw materials to and finished products from the paper mills, since the paper mills traffic is accorded a low priority. It is, therefore imperative that special quota should be fixed for the movement of raw materials to and finished products from the paper mills in the membership of the Association in these areas.

Q: 54 and 55. The objective of Railways hitherto has been to earn as much revenue as possible and any adjustment of freight rates has been towards this end. The Committee have already pointed out earlier that the aim of the railways should be to further the economic and industrial development of the country and for this purpose will be necessary to reduce the freight rates and make the necessary adjustments

in the freight structure. Besides, the interests of the consuming public and their purchasing capacity should be taken into consideration while determining the future railway freight structure, so that all essential commodities produced in the country move from one place to another at the cheapest possible railway freight. The Committee would also point out that at present railways are quoting only railway risk rates in certain cases and owner's risk rates in other cases. They would suggest that in all cases railway risk rates should be quoted. They feel that the procedure of

fixing only railway risk rates for all commodities with certain percentage of rebate in case of movement at owner's risk would also simplify the freight rate structure. If, however, any section of trade desires despatch of any article on owner's risk rate suitable rebate should be allowed on railway risk rate. They would further suggest that railways should encourage the promotion of new industries in the less developed areas and effect pooling arrangements in regard to the movement of unremunerative traffic so that all can derive the maximum advantage.

### ANNEXURE 'A'.

to reply to Question 1 Part I—A.

Upto 30th September, 1948, there were only 14 classes as given below, the basis being as indicated against each :—

1	...	...	...	.42
2	...	...	...	.46
2A	...	...	...	.50
2B	...	...	...	.54
2C	...	...	...	.58
3	...	...	...	.62

Class	For the 1st 300 miles	For extra distances above 300 miles but not exceeding 600 miles to be added to the charge for 300 miles	For extra distances above 600 miles to be added to the charge for 600 miles	Maximum rate per Md. exclusive of terminal, transhipment and other extra charges
	Pie per md. per mile	Pie per md. per mile	Pie per md. per mile	Rs. a. p.
4	.72	.67	.62	5 0 0
4A	.77	.72	.67	5 6 0
4B	.83	.77	.72	5 14 0
5	.89	.83	.77	6 4 0
6	.96	.89	.83	6 12 0
6A	1.04	.96	.89	7 4 0
7	1.25	1.04	.96	8 0 0
8	1.87	1.25	1.04	10 0 0

### ANNEXURE 'B'.

to reply to Question 1 of Part I-A

With effect from 1st October 1948—15 Classes were introduced the basis of which was as follows :—

Class	Basis of telescopic class rates pie per maund per mile.			Minimum pie per maund per mile	Maximum pie per maund per mile	Maximum rate per maund exclusive of terminals, transhipment and other extra charges
	For the 1st 300 miles.	Plus for the next 300 miles	Plus for distances beyond			
1st	.49	.45	.40	.16	.49	Rs. As. P. 3 4 0
2nd	.54	.49	.45		.54	3 10 0
3rd	.58	.54	.49		.58	4 0 0
4th	.63	.58	.54		.63	4 6 0
5th	.68	.63	.58		.68	4 12 0
6th	.73	.68	.63	.20	.73	5 2 0
7th	.78	.73	.68		.78	5 9 0
8th	.84	.78	.73		.84	6 0 0
9th	.90	.84	.78		.90	6 7 0
10th	.97	.90	.84		.97	6 14 0
11th	1.04	.97	.90		1.04	7 6 0
12th	1.11	1.04	.97		1.11	7 14 0
13th	1.18	1.11	1.04		1.18	8 8 0
14th	1.41	1.18	1.11		1.41	9 4 0
15th	2.11	1.41	1.18		2.11	11 0 0

## ANNEXURE 'C'.

to reply to Question 1 of Part I-A

The following revised rates were introduced as from 1-4-55:—

Class	Basis of telescopic rates pie per maund per mile.			Minimum pie per maund per mile	Maximum pie per maund per mile	Maximum per maund exclusive of terminals, transhipment and other extra charges which will be levied in addition.		
	For the first 300 miles.	Plus for next 300 miles.	Plus for distances beyond					
						Rs.	a.	p.
1st	.54	.45	.34	.16	.54	3	3	0
2nd	.59	.49	.38		.59	3	8	0
3rd	.64	.54	.42		.64	3	13	0
4th	.69	.58	.46		.69	4	3	0
5th	.75	.63	.49		.75	4	8	0
6th	.80	.68	.54		.80	4	14	0
7th	.86	.73	.58		.86	5	4	0
8th	.92	.78	.62	.20	.92	5	9	0
9th	.99	.84	.66		.99	6	0	0
10th	1.07	.90	.71		1.07	6	7	0
11th	1.14	.97	.76		1.14	6	14	0
12th	1.22	1.04	.82		1.22	7	6	0
13th	1.30	1.11	.88		1.30	7	15	0
14th	1.55	1.18	.94		1.55	8	11	0
15th	2.32	1.41	1.00		2.32	10	9	0

## Indian Paper Makers' Association,

Calcutta.

## GENERAL.

Upto September, 1948 there were 14 Classes of Traffic Rates which were as shown in Annexure A.

Paper was charged under Class 2 at a flat rate of .46 pie per maund, per mile.

With effect from 1-10-48 the revised classes as per Annexure B were introduced and the rates fixed were all on telescopic basis.

The rates were further revised with effect from 1-4-1955 as shown in Annexure C.

Under the above revised classifications introduced from (i) 1-10-1948 and (ii) 1-4-1955, paper was put in Class 3 as against Class 2, previously in force.

It will be seen that prior to 1948 a flat rate of .46 pie per maund per mile was being charged on paper traffic. As from 1st October, 1948 paper was subjected to higher rate under Class 3. The effect of subsequent revision as from 1-4-1955 has been that while the rate has still further gone up for distance upto 858 miles, there has, however, been some decrease in rates after 858 miles, as compared with rates in force prior to 1-4-1955, though as compared to rates prevailing before 1-10-1948, the present rates are considerably higher.

In respect of principal raw material i. e. Sabai Grass, mills were being quoted station-to-station rates to 1-10-1948. This concession was withdrawn under the new classification introduced as from that date which resulted in considerable increase in freight incidence. Under the old Freight Structure mills were charged wagon load rates for movement of grass from the previous O.T. Railway at the rate of Rs. 160/- for 3 M.G. wagons to be transhipped into two B.G. wagons; in other words mills had to pay Rs. 80/- per B.G. wagon for a distance which is over 400 miles. After 1948 the rate on W.L/C basis has been a little over Rs. 120/- per B.G. wagon or in other words an increase of 50% in the incidence of freight on grass.

Further, with regard to local traffic on Northern Railway (previously E.P. Railway.) L/T rates were charged in respect of grass on floor area basis according to which mills paid a freight of Rs. 20/- on a wagon having a floor area of 199 Sq. Ft., to 212 Sq. Ft. on grass received from Hoshiarpur which is one of the principal grass supplying centres. As against this mills have now to pay Rs. 55/- as freight charge from this very centre which means an increase of 175% in the incidence of freight on grass.



## PART I-A

Q: 1 (a) It will be seen from the above that the incidence of freight both on paper and principal raw materials has gone up considerably since 1948. Although this enhancement in traffic rates may not have resulted in shrinkage of paper traffic from 1948 to date, on account of favourable market conditions that prevailed during this period, it is very likely to have serious repercussions during the slump period ahead.

(b) There is no doubt that the principle of telescopic rates should prove helpful to the Industry on the whole but since there has been an overall increase in the rates, it is difficult to determine if their adoption since 1948 has in any way benefitted the Industry.

(c) So far as paper is concerned, the revised freight structure had practically no adverse effect on short haul and medium haul traffic, but the substantial increase in the incidence of freight is bound to have adverse effect on this traffic in the foreseeable future.

Q: 2 (a & b). In theory the present rating arrangements do provide for substantial flexibility in as much as a minimum flat rate of 20 pie per maund per mile has been fixed for all classes from 2 to 15 which include paper and 16 pie per maund per mile for class 1 which applies to grass and bamboo, but in practice no reduction in the rates on paper or grass or bamboo has ever been conceded by the Railway Authorities.

Q: 3 (i) Nothing particular to suggest.

(ii) (a) Considering the normal haulage for paper and raw materials, it is thought that the distance range fixed for each 'leg' is rather on the high side. It is considered that, in the case of paper, the first two 'legs' should be reduced to 150 miles each and the third 'leg' should be made applicable to beyond 300 miles. In the case of grass to which WL/C rates are applicable, the distance range should be reduced in the first 2 'legs' from 150 miles to 100 miles.

(ii) (b) No comments, but the Association would welcome a reduction in rates. The paper, previous to 1948, was rated under Class 2 and we think that under the existing classification this commodity should be reverted to that class.

Reduction in the rate for paper will create incentive for more intensive development of the Industry, and the Railway Administration will gain in revenue on account of much large traffic offered to them.

Q: 4. The Association has nothing to say against the present system. The maximum rate fixed at present should continue to apply.

Q: 5. (i) In our opinion no terminal charge should be levied as the present conveyance rates which are already quite high should be considered to include all incidental services rendered by the Railway Administration. In any case, the terminal charges should be considerably reduced.

The terminal charge is considered to be composed of the following:

(a) Station expenses... Re. 0-0-6 per md. each end

(b) Loading Unloading expenses Re. 0-0-2 per maund each end

Total ... Re. 0-0-8 per md. each end or Re. 0-1-4 pies per md. taking both ends into account.

This additional charge of 8 pies per md., applies where loading/unloading is done by the Railways, but where the loading/unloading is done by the owners, a terminal charge of 6 pies per md. only is levied at each end.

According to the present rules, owners who have their own assisted siding, are being granted a rebate of 2 pies per md. only on consignments booked to and from their assisted siding on the ground that loading/unloading is being done by the owners. There is obviously no reasons why in the case of an assisted siding where no terminal services are rendered by the Railway by way of godown/goods shed expenses, the charges of 6 pies per md. should be levied. It is to be noted that some mills have to incur expenses for up-keep of their siding besides paying the salary of Railway siding clerks, as also other incidental expenses.

(ii) On short distance traffic of less than 75 miles, Railways are at present recovering the following charges:

(a) The minimum distance for charge has been kept as 20 miles.

(b) A short distance charge of 6 pies per md. is being levied.

(c) Rs. 1/12-per ton on the carrying capacity of the wagon used which is about—Re. 0-1-0 per md.

The Association considers that the minimum distance for charge of 20 miles is alone adequate.

(iii) The additional charge of 3 pies per md. for each break of gauge as is being levied at present seems reasonable and the Association has no objection to the same.

Q: 6. The Association has no objection to the present unit of one mile being retained. At any rate, any change in unit should not result in enhancement of rates. In fact, as suggested above, the incidence of freight should be reduced to offer incentive for development.

Q: 7. The existing minimum distance for charge of 20 miles may continue. In this connection, please refer to the reply to Q: 5 (ii) above.

Q: 8. Since Railways are equally benefitted by use of tank wagons in as much as they recover freight charges on carrying capacity of the tank wagons used, as against on actual weight which is practically half the carrying capacity when liquids are tendered in containers, the Association considers that there is no justification for Railways to recover any empty haulage charges in addition to freight, which is already sufficiently high for liquid commodities that are carried in tank wagons.

The Association would, therefore, suggest that empty wagon haulage charge, wherever it exists at present, should be abolished.



Q: 9 & 10. Paper should be grouped in Class 2, as prior to 1-10-48. The Association has no objection to the method of classification, but the allocation should be reviewed in respect of certain commodities, to avoid some obvious anomalies. Thus for example, stationery made out of paper is being charged under Class 12 under the heading 'Stationery' N.O.C. Stationery articles such as pens, pencils and other office equipments of similar nature need to be distinguished from stationery made out of paper. School exercise books, particularly, are nothing but paper converted in handy form for use of students and should, therefore, be correctly classified along with paper. Since paper stationery is required for educational purposes, it is only fair that this item should not be subjected to higher freight than that fixed for paper.

Q: 11. On principle the wagon load rates should be lower than those for 'Smalls'. Since the cost of carriage of commodities in wagon loads is admittedly less than that for 'Smalls', it is reasonable that freight rate on wagon loads should be reduced. At present the same rates are being charged both for 'Smalls' and wagon loads, and since the Railway Administration saves transit expenses and other incidental services in the case of wagon loads, the Association considers that there would be no justification for enhancing the rates for the 'Smalls'.

Q: 12. The Association has no remarks to offer except to refer to the observations under 5(ii).

Q: 13. No comments.

Q: 14. Does not very much concern. However, it is thought that no change in the minimum weight for a 'smalls' consignment as presently fixed is called for. For expeditious deliveries, though at a little more cost, parcel service is resorted to. Quite some years back the minimum weight limit by goods train was 14 seers, which on representation from certain trade interests was reduced to 7 seers.

Q: 15. No comments.

Q: 16 (i) No. In fact for some raw materials the existing W/- condition is already high. Thus for example grass, particularly when it is transported in moist or wet condition during the rainy season, and rags on account of their bulk, cannot be generally loaded up to the minimum prescribed weights, viz. 160 mds, and 270 mds, respectively. It is felt strongly that W/- condition with regard to these two commodities should be reduced to 120 mds. for grass and 200 mds. for rags.

(ii) The Association does not agree with this suggestion. It has already been suggested that classified rates for paper should be reduced. It has also been suggested under Q: 11 that some further concession should be given on wagon load rates as compared to rates chargeable for movement in 'Smalls'.

(iii) The Association would welcome this. Adoption of this expedient will give an incentive to the trade to load wagons to their fullest extent, thereby also benefiting the Railway to earn more per wagon-load. This will in addition relieve strain on

Railways. It is, however, necessary that W/- conditions for bulky articles like bamboo, grass and rags should be reduced, because unless this is done the paper industry will have no incentive for offering large traffic per wagon, because the present minimum weight condition is already more than the maximum weight which a wagon can hold generally.

Q: 17. Volume of traffic justifying concessional train load rates should be introduced. For grass, which is a seasonal traffic, supply of rakes constituting a full train load at reduced rates will offer incentive for clearance of the traffic within a much shorter period. A planned supply of train loads to various interests can be arranged and since duration of movement under this system will be considerably reduced it will help Railways in better utilization of wagons.

Q: 18. The Association would welcome introduction of special Express goods services at some additional charge provided delivery within a prescribed period can be guaranteed.

Q: 19. Recently the Railways have changed their old rules and they demand demurrage on consignments till the crane is received from any of their stations. All the stations on the Railway do not possess cranes. On demand the Station Masters concerned send telegrams to the stations where cranes are available. Sometimes the crane is already booked and it takes a number of days to get the crane at the particular destination with the result that the period taken in getting the crane is calculated for incurring demurrage. Previously no such demurrage was charged as it was considered to be the responsibility of the Railway to supply cranes.

Since Railways recover haulage charges for the supply of cranes we do not see any reason why they should recover any demurrage charges till the crane is made available for loading/unloading as it is the duty of Railways to supply cranes whenever requisitioned.

To levy a haulage charge for the crane and at the same time to recover demurrage charges on wagons detained for want of the supply thereof is unjustifiable. There would, however, be no objection to the charging of demurrage for detention of wagons beyond a certain reasonable period after the supply of cranes.

The present crane charges appear to be high and need reduction. We would suggest that important industrial stations where industrial development is in progress should have a crane for the loading/unloading of heavy consignments.

Q: 20. Does not relate to paper mills.

Q: 21. Alternative modes of transport on short distances are utilised as far as possible but they cannot cope with all the available traffic. If Railways place any restrictions on short distance traffic it will adversely affect the industry and cause hardship to the public.

Q: 22. Road transport rates are not fixed but generally they are higher than the Railway freight rates,

Q: 23. The suggestion for the creation of a freight pool is welcome. It will help mills to obtain supplies of Coal, Kerosene Oil, Petrol, Iron and Steel consignments etc., at reasonably workable freight rates.

The principle of a freight pool should not be extended to short distances.

Q: 24. Does not apply.

Q: 25. The freight pool should be worked by the Railways in collaboration with the Industrial interests.

Q: 26. Since the various developments already achieved and contemplated in future would increase the volume of traffic, thereby increasing the Railways' revenue, the freight rates should be gradually revised, so as to scale them down. Reduced rates in themselves would create incentive for Industrial development.

Q: 27. No such instances known.

Q: 28. Certain mills have requested the N. Rly. for reduced rates for grass and their request was rejected.

Q: 29 & 30. The Association agree with the principle of telescopic rate on the continuous mileage over the different Railways. As pointed out above, however, the rates were substantially increased as from 1948. Special rates should be fixed for industrial raw materials and finished products and also for heavy machinery required for industrial development. Reversion to station-to-station rates for important industrial commodities would help the pace of development.

Q: 31. Industrial development of the country being the national objective, the Railway freight rate policy should also accommodate the industry's point of view.

Q: 32. This would depend on the nature of a particular industry and its importance to the country. Since the Paper Industry serves educational needs, it merits special consideration.

Q: 33. Special consideration may be given to the New Industries, but its extent should be such as not to affect the existing industrial interests. Industry should be aided but the period for which the aid is to be given should depend upon its importance to the country and the time it needs for development.

Q: 34. No comments.

Q: 35. It is a very wide question and no definite answer seems possible. Answers to the preceding questions more or less cover this question.

Q: 36. Nothing particular to suggest.

Q: 37. Reduction of freight rates may assist the Cottage Industries.

Q: 38. No comments.

Q: 39. Association is not aware of any such commodity or article.

Q: 40. It is for the expert who knows fully the income and expenditure side of the Railways to answer this question. Generally speaking, however, the assumptions made in this question do not appear to be correct. Normally the additional traffic would not attract the additional expenses in

the same ratio. For facilities such as providing of goods sheds etc. Railways are already levying terminal charges. If in 1948 such charges were amply compensating the Railways, it is presumed that additional revenue on additional traffic will adequately cover the contemplated expenditure.

Q: 41. In the first instance it may not be possible for Railways to keep pace with the day-to-day fluctuations in the competitive conditions in the export market and secondly the uncertainty of rates will make the position of the traders also difficult when offering their quotations to overseas markets.

Q: 42. So far as paper and raw materials are concerned there has been no change in the pattern of traffic, except that the quantum of traffic has increased due to increased production.

Q: 43. Although the freight rate policy adopted in 1948 has not influenced the location or affected adversely the pace of development of the Paper Industry or trade, the enhanced rates have put a greater burden on the Industry. On a short term basis, it may not have had any serious effect on the development of the Industry and Trade, but in time to come the existing high rate may impede the economic development of the country.

Q: 44. Prices of paper for civil supplies are on F.O.R. destination basis, and those for Government supplies are on F.O.R. forwarding station basis.

The present price list, both for public and Government supplies in respect of the main varieties of paper is attached, herewith. We also enclose a statement of Railway freight for some of the important stations to which appreciable traffic moves.

Q: 45 to 47. Do not concern.

Q: 48. The Paper Development Wing should be able to give the requisite information in regard to the Paper Industry.

Q: 49 to 53. Same as above.

Q: 54. The basic policy should take into consideration the interests of the consuming public at large and their purchasing power and should ensure that all commodities produced in the country which are essential to the life of a community and are of daily use reach throughout the country at the cheapest possible Railway freight.

Q: 55. At present Railways have quoted only Railway Risk rates in certain cases, and in certain others both Railway Risk and Owner's risk rates. It is suggested that in all cases Railway Risk rates should be quoted but if any section of the trade desires despatch of any articles at owner's risk a suitable rebate should be allowed on Railway Risk rates. This procedure of fixing only Railway Risk rates for all commodities with a certain percentage of rebate when despatched as Owner's risk will also simplify the Rate Structure.

The Association suggests this, because Railway Risk rates only apply to paper traffic under which the packing conditions as prescribed are either very difficult to comply with or their compliance increases the cost.

Another attempt at simplification can be made by retaining only the class rates and abolishing wagonload rates for all commodities with a proviso for appropriate percentage reduction when any commodity is offered in wagon load.

This is suggested because at present there are no special wagon load rates for movement of paper.

#### PART I-B.

#### ANNEXURE—V.

(Reply from the India Paper Pulp Co., Ltd.)

Q: 1. To produce 600 tons of finished paper in a year principal raw materials and fuel (coal) required are as under :—

(a) Bamboo	... 13,500 tons.
(b) Wood Pulp	... 100 "
(c) Rags	... 100 "
(d) Sulphur	... 1,300 "
(e) China Clay	... 500 "
(f) Magnesite	... 1,200 "
(g) Rosin	... 200 "
(h) Slack coal	... 21,600 "

Q: 2. Finished production for the following years is shown below:—

	Paper
1938—39	... 6408 tons.
1947—48	... 4725 "
1952—53	... 6102 "
1953—54	... 6473 "
1954—55	... 6077 "

Q: 3. We regret we are unable to answer this question adequately.

Q: 4. For Raw Materials	Longest	Shortest
1. Bamboo	700	50
2. Wood Pulp (imported)	30	—
3. Rags	30	30
4. Sulphur (imported)	30	—
5. China Clay	275	—
6. Magnesite	1250	—
7. Coal	100	—
8. Lime	250	—
9. Rosin	1100	—

#### For Finished Products.

Paper	1500	30
-------	------	----

Q: 5. The proportion is given as under:—

	By rail	By road in lorries
Rosin	100%	
Bamboo	100%	
Sulphur	100%	
Rags	—	100%
Magnesite	100%	
Wood Pulp	100%	
Lime	100%	
Coal	100%	
China Clay	100%	

Q: 6. The finished products are transported by rail as well as by road. The proportion is given as under:—

Paper	By rail	By road
	200 tons per month	300 tons per month

Q: 7. We are giving these details for bamboo only which is our principal raw materials.

	Average price	Average freight
	Rs.	Rs.
Bamboo 1954	85/- per ton	21/- per ton
1947	65/- "	11/- "
1938	20/- "	(We regret we are unable to give this).

Q: 8. Total despatches of paper made by rail during the year 1954. (These figures can be given very approximately only).

(1) 1 to 50 miles	... Nil
(2) 51 to 100 "	... 35 tons
(3) 101 to 200 "	... 25 "
(4) 201 to 300 "	... 100 "
(5) 301 to 400 "	... Nil
(6) 401 to 500 "	... 250 "
(7) 501 to 600 "	... 250 "
(8) 601 to 700 "	... 200 "
(9) 701 to 800 "	... 250 "
(10) 801 to 900 "	... Nil
(11) 901 to 1000 "	... 300 "
(12) 1001 to 1200 "	... 800 "
(13) 1201 to 1500 "	... 150 "

#### ANNEXURE V.

(Reply from The Shree Gopal Paper Mills, Ltd.)

Q: 1. (a) To produce 14,500 tons of finished paper in a year principal raw materials and fuel (Steam Coal) required are as under:

(a) Grass	... 26000 tons
(b) Rags	... 7000 "
(c) Woodpulp	... 650 "
(d) China Clay	... 2000 "
(e) Steam Coal	... 46500 "

(b) To produce 5000 tons of Hydrogenated oil (Vegetable oil product) in a year:—

Groundnut oil	... 5200 tons
---------------	---------------

2. Finished Production is shown as under:—

	Paper	Vegetable Oil Product
1939	6830.5 tons	—
1948	8669.8 "	—
1953	13008.1 "	1936.12 tons
1954	14471.3 "	3110.16 "

Q: 3. Previous to 1948 there were station to station rates from Nepal area for full wagon-loads according to which we were paying Rs. 80 per B. G. Wagon of grass. Now according to the revised freight structure since 1948 we have to pay Rs. 120 per B.G. wagon (160 mds. minimum basis). Similarly on local E.P. Railway we were paying on floor area basis Rs. 20 to 25 per wagon from Hoshiarpur whereas now we are paying Rs. 55 per wagon on minimum wagon load basis from that station. Naturally this had the effect of increasing considerably the raw material cost for our industry:

There has not been any change in distance of haul:

Q: 4. For Raw materials Longest Shortest

(i) Grass	450	60
(ii) Woodpulp (imported)	950	—
(iii) Rags	1000	100
(iv) Coal	800	—
(v) Limestone	—	100
(vi) G. N. Oil	—	70
(For finished products— Paper and Paper Sty.)	1500	20

The proportion is given as under:—

	By rail	By road
Grass	85%	15%
Rags	80%	20%
Woodpulp	100%	—
Limestone	100%	—
Coal	100%	—
Groundnut oil	75%	25%

Q: 6. The finished products are transported by rail as well as by road. The proportion is given as under:—

(a) Paper & Paper Sty.	13: 1
(b) Vegetable Oil Products	8: 4

	Average Price	Average freight
	Rs.	Rs.
1954 Grass	3.66 per md.	0 9 0 per md.
Rags	7.7 „	—
1947 Grass	3.7 „	0 6 0 „
Rags	5.0 „	—
1938 Grass	1.4 „	—
Rags	1.6 „	—

Q: 8. Total despatches of Paper and Paper Stationery made by rail during the year 1954:—

		Paper		Paper Stationery	
		Tons.	Lbs.	Mds.	Srs.
50 miles	...	107	— 819	572	—
100 „	...	1302	— 138	461	20
200 „	...	2404	— 1692	6822	10
300 „	...	487	— 849	1979	20
400 „	...	2139	— 1137	6112	30
500 „	...	728	— 221	1643	30
600 „	...	397	— 786	1490	30
700 „	...	300	— 1194	479	30
800 „	...	394	— 1712	1206	—
900 „	...	99	— 1041	922	—
1000 „	...	2071	— 1736	1105	30
1200 „	...	65	— 1272	—	—
1500 „	...	284	— 93	—	—
Above 1500 „	...	—	—	—	—

Q: 9. (a) In our case we mostly use (about 90%) tank wagons and when they are not available we have to shut down the factory as we cannot afford to keep and employ such a large number of containers for transportation of oil. Leakage and wastage is also higher in case we draw oil through wagons in drums or tins. Incidence of freight is also higher, in as much as we have to pay for the weight of the containers along with the oil. We have to pay freight on empty containers when returned to station of supply.

Wastage :—

(b) It is below 5% through tank wagons and 10% to 3% if oil transferred in drums or tins respectively.

(c) In our opinion no possible improvement can be done to the containers and thus loss through leakage cannot be reduced.

(d) In our case, we pump oil from the tank wagons directly to our storage tanks.

#### ANNEXURE 'A'.

(Referred to in the Introductory Remarks)

Upto 30th September, 1948, there were only 14 classes as given below, the basis being as indicated against each:—

1	...	...	...	.42
2	...	...	...	.46
2A	...	...	...	.50
2B	...	...	...	.54
2C	...	...	...	.58
3	...	...	...	.62

Class	For the 1st 300 miles	For extra distances above 300 miles but not exceeding 600 miles to be added to the charge for 300 miles	For extra distances above 600 miles to be added to the charge for 600 miles	Maximum rate per Md. exclusive of terminal, transshipment and other extra charges
	Pie per md. per mile	Pie per md. per mile	Pie per md. per mile	Per Md. Rs. a. p.
4	.72	.67	.62	5 0 0
4A	.77	.72	.67	5 6 0
4B	.83	.77	.72	5 14 0
5	.89	.83	.77	6 4 0
6	.96	.89	.83	6 12 0
6A	1.04	.96	.89	7 4 0
7	1.25	1.04	.96	8 0 0
8	1.87	1.25	1.04	10 0 0

## ANNEXURE 'B'.

(Referred to in the Introductory Remarks)

With effect from 1st October 1948—15 Classes were introduced the basis of which was as follows :—

Class	Basis of telescopic class rates pie per maund per mile.			Minimum pie per maund per mile	Maximum pie per maund per mile	Maximum rate per maund exclusive of terminals, transshipment and other extra charges
	For the 1st 300 miles.	Plus for the next 300 miles	Plus for distances beyond			
1st	.49	.45	.40	.16	.49	Rs. As. P. 3 4 0
2nd	.54	.49	.45		.54	3 10 0
3rd	.58	.54	.49		.58	4 0 0
4th	.63	.58	.54		.63	4 6 0
5th	.68	.63	.58		.68	4 12 0
6th	.73	.68	.63		.73	5 2 0
7th	.78	.73	.68		.78	5 9 0
8th	.84	.78	.73	.20	.84	6 0 0
9th	.90	.84	.78		.90	6 7 0
10th	.97	.90	.84		.97	6 14 0
11th	1.04	.97	.90		1.04	7 6 0
12th	1.11	1.04	.97		1.11	7 14 0
13th	1.18	1.11	1.04		1.18	8 8 0
14th	1.41	1.18	1.11		1.41	9 4 0
15th	2.11	1.41	1.18		2.11	11 0 0

## ANNEXURE 'C'.

(Referred to in the Introductory Remarks)

The following revised rates were introduced as from 1—4—55 :—

Class	Basis of telescopic rates pie per maund per mile.			Minimum pie per maund per mile	Maximum pie per maund per mile	Maximum per maund exclusive of terminals, transshipment and other extra charges which will be levied in addition.
	For the first 300 miles.	Plus for next 300 miles.	Plus for distances beyond			
1st	.54	.45	.34	.16	.54	Rs. a. p. 3 3 0
2nd	.59	.49	.38		.59	3 8 0
3rd	.64	.54	.42		.64	3 13 0
4th	.69	.58	.46		.69	4 3 0
5th	.75	.63	.49		.75	4 8 0
6th	.80	.68	.54		.80	4 14 0
7th	.86	.73	.58		.86	5 4 0
8th	.92	.78	.62	.20	.92	5 9 0
9th	.99	.84	.66		.99	6 0 0
10th	1.07	.90	.71		1.07	6 7 0
11th	1.14	.97	.76		1.14	6 14 0
12th	1.22	1.04	.82		1.22	7 6 0
13th	1.30	1.11	.88		1.30	7 15 0
14th	1.55	1.18	.94		1.55	8 11 0
15th	2.32	1.41	1.00		2.32	10 9 0

# Indian Produce Association, Calcutta.

## PART I—A

Q: 1. (a) The general effect of the freight structure adopted in 1948 and in fact the freight rates introduced long since the withdrawal of the station-to-station rates for grains traffic have substantially increased the selling rate of the essential commodities like foodgrains and the raw material for oil-milling industries, viz. oilseeds. The rates of freight coupled with other incidental charges like terminal, transshipment and other conditions of carriage have combined to add very substantially to the low priced commodities, particularly in view of the fact that the bulk of movement of grains, pulses and oilseeds by way of import into Calcutta constitutes a long distance traffic. Bulk of agricultural produce drawn from the surplus areas like the Punjab, U.P., Pepsu, Rajasthan, M.P. and Vindhya Pradesh are exported to terminal market like Calcutta which is far away from exporting centres in the above States.

Q: 2. (a) The disparity between the freight rate of oilseed being the raw material for oil-milling industry, and the freight rate of oil which is the finished product of the same industry, is adversely affecting the oil-milling industry of West Bengal. A separate note in this connection is attached herewith.

(b) Our experience of our dealings with the Railway Administration in the past as well as in the present compels us to say that in the present changed set up of things discretion has been a major casualty. The Railway Administrations at present are working almost like automatons and even in small routine matters, discretion is seldom being exercised, far less to say of discretion in the matter of railway freight rates to meet the need of industries.

Q: 3. In our opinion the quotation of station-to-station rates for grains, pulses and oilseeds should be introduced. In particular the rigour of high railway freight rates on long distance traffic should be minimised. To meet the financial loss, the rates of short distance traffic may be kept as it is and the rates for traffic below 100 miles may also be slightly increased.

Q: 4. The distance of 1,500 miles should be reduced to 1,000 miles for purpose of fixation of maximum rates so that no freight is charged for transport of grains and pulses and also oilseed beyond a distance of 1,000 miles. This facility of maximum rates should also be extended to oilseeds.

Q: 5. In our opinion separate terminal charge and transshipment charge should not be made. This separate charging is of great inconvenience to the trading public in computation of cost structure of the commodities to be exported by rail, because usually the freight indicated on the face of the R/R shows only the net railway rate so that the exporting merchant has no correct idea of the total amount of freight charges

payable at the destination. This proves a handicap in business dealings.

Short distance charge for haulage of traffic below 102 miles should be levied and the present rates may also be increased.

Q: 8. The principle of charging for empty tank wagons should be extended to all railways. No charge, however, be made if traffic for back loading of tank wagon is offered.

Q: 9 & 10. The present higher classification of oilseed (Class 4) should be abolished and oilseed should be placed in Class I along with grains and pulses. Similarly, the higher wagon load scale for oilseeds (viz. WL/H) should be abolished and oilseed should be placed under WL/D along with grains and pulses. Before the last Great War the freight rates for oilseeds were at par with grains and pulses. The need for lowering the rates for oilseeds is particularly important in view of the fact that being a raw material for the oil-milling industry the present freight rates fall very heavily on the cost structure of its finished products, viz., oil, because three maunds of oilseeds generally produce one maund of oil, so that each maund of oil has to bear the freight of three maunds of seeds.

Q: 11. The facility of wagon load rates available under clubbing rules should be extended. The limitation that the term "same commodity" under the clubbing rules would mean only one and the same article should be done away with and the rule should be amended to mean that the consignments of smalls, offered for clubbing may consist of all items under the same main head of classification (This has reference to the clubbing rules mentioned on page 59, Chapter VIII of the I.R.C.A. Goods Tariff No. 29).

Q: 14. We agree to the suggestion and suggest that the minimum weight for 'smalls' may be extended to 30 seers.

Q: 16. The minimum weight conditions for qualifying for wagon load rates for oilseed at present in vogue should be left as it is at 450 maunds. The minimum weight for wagon load rate for foodgrains should be reduced to 450 maunds to bring it in par with oilseeds. We agree to the suggestion that a reduction in the freight rate for quantities loaded beyond the minimum weight should be allowed, as this will greatly encourage loading upto the fullest extent the wagon can actually hold. The reduction in the minimum weight for foodgrains from 500 to 450 maunds has been suggested with a view to encouraging the small traders and agriculturists to offer wagon load traffic as far as possible and discouraging offer in smalls, as carriage of smalls traffic is very uneconomical to the Railways.

Q: 17. In our considered opinion the introduction of special goods trains carrying



grains and oilseeds traffic in bulk should not be encouraged because such movement of grains in large quantities for any particular destination at a particular time would tend to create violent depression in prices; thereby adversely affecting the interest of the growers. It is the accepted policy of Government to ensure better price of produce to growers.

Q: 18. We agree that for special express goods services, additional freight charges should be levied.

Q: 21. We agree in principle that where alternative means of transport is available e.g. Road Transport for short distance traffic is easily available, transport by rail should be discouraged by levy of higher freight charges. This may not, however, hold good in regard to long distance traffic, as movement through coastal shipping involves much delay. The choice should, therefore, be left to the trading public whether to utilise the services of railway or the coastal shipping in accordance with individual requirements.

Q: 26. The First Five Year Plan has resulted in considerable increase in agricultural production. This has, however, been accompanied by drastic fall in prices of agricultural commodities. The targets of production envisaged in the Second Five Year Plan means an increase of about 15.5% in foodgrains and 25% in oilseeds over present production. The country, therefore, is faced with the problem of fall of prices below economic level and it is the accepted policy of Government to ensure economic price to the growers. The present rates of railway freight are based on the high prices of agricultural produce prevailing during the last war and even in the post-war years. The prices have now gone down considerably and in comparison with the war-time prices, the present prices are fast catching up with the normal prewar prices. Unfortunately, the prices for manufactured goods required by the growers are still at a comparatively high level. As such, unless the railway freight rates for agricultural commodities like foodgrains and oilseeds are substantially reduced the high rates of freight will eat away the small margin that the growers may get over the cost price of agricultural produce.

Q: 30. We strongly suggest that station-to-station rates should be revived for essential commodities like foodgrains. And similarly specially reduced station-to-station rates, particularly for long distance traffic in oilseeds should also be allowed so that the languishing oil-milling industry of West Bengal may survive.

Q: 31. The principle of charging "WHAT THE TRAFFIC WILL BEAR" should be the governing principle in matters of freight. In our opinion, the needs of railway finance although important should not be carried too far, where for instance, the very existence of any particular industry or trade, e.g. the oil-milling is involved.

Q: 37. The emphasis on the development of village and cottage industries is all too good but in examining any specific proposal for affording assistance to any cottage industry, the full implications of the rating policy should be very carefully considered.

There should be no doctrinaire approach in this matter and each case should be considered on its own merits. An example of how any hasty action in this regard may lead to dangerous results for both the railway and the industry will be clear from the following instance:—

Towards the end of year 1951, the Dy. Director of Traffic, Railway Board, in a letter bearing No. 6322—TC dated 2-11-51, addressed to the General Secretary, I.R.C.A., asked for the suggestions of the trade about village Oil Industry Survey Sub-Committee.

Extract from the Recommendation of the Survey Sub-Committee:

#### Rate for oilseeds and oil.

"(7) *Transport*.—At present oilseeds are carried from places of production over long distances to be crushed in oil mills. In fact until recently the policy has been to encourage the export of seeds and seeds have been carried to ports at concessional railway rates. As oil-cakes are required in the villages, it is an unnecessary strain on transport to carry seeds to distant places and transport back oil and cake. This is also a hindrance to the development of village oil industry. We, therefore, recommend that the railway freights should be so fixed as to encourage the movement of oil and to discourage the movement of seeds."

It will be easily seen on examination that the recommendation of the Village Oil Industry Survey Sub-Committee is both wrong in principle in its actual working and acceptance of the recommendation would mean ruination of established industry in one region and virtual transplantation of the same industry in another region. The large exportable surplus of mustard seeds in U.P. and other up-country States cannot be consumed by village Ghannies. The recommendation of the Sub-Committee would in effect mean that oil-mill industry should be concentrated only in the seed-producing areas in U.P. and other up-country States and the century-old oil milling industry as well as the village ghani industries of West Bengal should be entirely eliminated.

(2) The idea of saving strain on the railway wagons by the above recommendation is also wholly incorrect. On the other hand the position is that when oil is carried in tanks from the up-country centres to West Bengal, these tank wagons have to be carried back empty while on the other hand, the railway wagons which carry seeds from the up-country to West Bengal return loaded with merchandise, thereby earning additional freight.

(3) As regards the carriage of oil-cakes, it will be at once seen that West Bengal also needs large quantities of oil-cakes and so if the mills in West Bengal crush sufficient oil-seeds, the needs of West Bengal can be met from the locally produced oil-cakes, thereby reducing needs of railway wagons for transport of oilcake to West Bengal. Apart from this, the present policy of Government to allow export of oil-cakes would put a heavy strain on railway wagons in transporting the oil-cakes from the up-country mills to the Port-towns like Calcutta for export purposes. But if the West

Bengal Oil Mills produce sufficient oil and oil-cakes, export may take place from Calcutta Port thereby relieving strain on railway wagons. Even in 1950, U. P. obtained 2.96 lakh maunds of oilcakes from other States as against 11.89 lakh maunds which it exported, while West Bengal imported 12.21 lakh maunds of oilcakes against a total re-export of 51,000 maunds. The recommendation of the Village Oil Industry Sub-Committee, therefore, portray just the reverse of correct position.

Q: 40. As regards the provision of goods sheds facility for grains and pulses etc. during the Second Five Year Plan period, a scheme prepared by this association relating to grains and oilseed traffic in Calcutta has already been submitted to the Railway Board. The scheme, if implemented, would result in savings to the Railway to the extent of about Rs. 20 lakhs in capital expenditure and over Rs. 6 lakhs annually in recurring expenditure. A copy of the Scheme is enclosed herewith.

*Note referred to in reply to question 2 (a) of Part I-A.*

A case for reduction of Railway Freight of oilseed, particularly mustard seed, carried from Uttar Pradesh, Punjab, Pepsu and other up-country states into West Bengal.

(1) The Bengal oil-milling industry is a century old; it is employing over 10,000 men and the present replacements value of the capital employed would be above Rs. 4 crores. Milling of mustard seed is the chief occupation of these oil mills.

(2) Mustard oil is an essential article of food in West Bengal. Undivided Bengal used to consume three-fourths of the total mustard oil produced in India and even now West Bengal consumes major quantity of mustard oil produced in the whole of India.

(3) The oil-milling industry of West Bengal is, however, wholly dependent for its existence on mustard seeds imported from U. P., Punjab, Pepsu and other states. This producing region in turn has West Bengal as its only market to export its surplus of both mustard seed and mustard oil.

(4) Mustard oil manufactured in mills of West Bengal has to compete with mustard oil manufactured in U. P. mills. The cost of mustard oil produced by mills of West Bengal is higher than the oil of U. P. manufacture, sold in the market of West Bengal, due to disparity in railway freight of oil and oilseeds. One maund of oil is manufactured from 3 maunds of seeds and so the railway freight of 3 maunds of seeds swells up the cost structure of each one maund of oil produced by Bengal Mills very substantially. This anomaly in the freight rates will be observed from the following illustration:—

The railway freight from Hapur in (U. P.) to Howrah for mustard seed is Rs. 1/11/3 per maund. The freight payable on 3 mds. of seeds to produce 1 maund of oil would, therefore, work out to Rs. 5/1/9. As against this, the freight rate of mustard oil from Hapur to Howrah is Rs. 2/8/10 per maund. This means a cost disadvantage of Rs. 2/9/- per maund for the oils produced by the mills of West Bengal, as against the oil produced by mills in U. P. both of which have to be sold in the same market viz. West Bengal.

It is significant to note how this disparity in railway rates of seeds and oils have widened since the pre-war system of classification and quotation of station-to-station rates have been withdrawn. In 1939, grains, pulses and oilseeds belonged to the same class and freight from Hapur to Howrah, for example, for seeds was Re. 0/13/6. So three maunds of seeds to produce one maund of oil had to bear Rs. 2/8/6 as freight. As against this, the freight of oil

from Hapur to Howrah was also Rs. 2/6/8. The disparity, therefore, was only annas-/2/- per maund. But as shown earlier, the disparity of Rs. 2/9/- per maund is at present against Bengal Mills. This disparity in railway rates, resulting in disadvantage to West Bengal Mills, is even much more serious in case of oilseeds imported from long distance points in the Punjab and Pepsu. It should be further noted here that the import of mustard oil into West Bengal very largely takes place only from U. P. which is considerably nearer and not from the Punjab or Pepsu which are very far away from Calcutta. As against this, a very substantial import of seeds into West Bengal takes place from the Punjab and Pepsu as well in addition to imports from U. P. The price disadvantage to West Bengal Mills, therefore, on seeds imported from such long distances is much more as will be clear from following:—

We take for instance the seed-exporting points in the Punjab, viz. Faridkot, Patti and Gurudaspur. The freight rates payable on seeds imported into Calcutta from these points is about Rs. 2/- per maund so that 3 maunds of seeds to produce 1 maund of oil would have to bear a freight of Rs. 6/- per maund. The price disadvantage to Bengal Mills, therefore, in case of the oil produced from such seeds, as against the oil imported from U. P., would be about Rs. 3/8/- per maund.

From the above it will be clear that the disparity in freight rates of raw materials (oilseed) and its finished products (oils) of the oil-milling industry is very seriously affecting the old and established industry of West Bengal. As West Bengal is the consuming centre, this is all the more important that the industry producing an essential commodity for the State must be allowed to survive. The rigour of competition from the U. P. mills is seriously affecting the oil-industry of West Bengal, which is passing through a grave crisis. A large number of oil mills in Calcutta are going into liquidation year after year causing widespread unemployment. As against this, increasing number of oil mills are being established in U. P. so that the import of seeds into West Bengal is decreasing year by year and the import of oil correspondingly increasing.

We, therefore, suggest as follows:—

- (1) Specially reduced rates for oilseeds, particularly mustard seeds should be fixed for carriage of seeds between

Calcutta and the exporting points in U.P., Punjab, Pepsu, Rajasthan and Madhya Pradesh. It is suggested that station-to-station rates between the above-mentioned points should be fixed for oilseeds. The rates should be fixed in such a manner that long-distance traffic, i.e. traffic beyond 1,000 miles should bear no additional charge over and above the prescribed maximum rate. In our opinion, the maximum rate for oilseed should not be more than Rs. 1/8/- per md.

- (II) The rate of oilseed for short-distance traffic below 100 miles may be stepped up to meet the possible financial loss, resulting from the above-mentioned

suggestion to reduce rates for long-distance traffic. The oil-milling industry situated in the seed-producing regions would be quite capable of bearing the burden of increased rates in view of the fact that these mills enjoy various natural competitive advantages by reason of their being situated in the midst of seed-producing area.

- (III) The freight rate for movement of vegetable oils between Calcutta and the exporting points in Uttar Pradesh may be augmented to a reasonable extent to meet losses the Railway may incur in agreeing to reduction in rates of oilseeds.

## PART II.

### GENERAL.

I am directed to give below our views and suggestions on the subject of Railway Claims in general terms which, it is hoped, would cover many of the points raised in the questions set out in the Questionnaire.

In our opinion the direction in which action should be taken should be threefold:—

- (1) Preventive measure with a view to minimising chances for loss of goods in transit.
- (2) Suitable amendment of the laws and rules, governing liability of Railway in regard to compensation for loss and theft of goods.
- (3) Improving of efficiency in disposal of claims preferred.

*Need for Preventive Measures:* The quantum of loss and damage in respect of goods traffic has increased to alarming proportions. The fact that the total amount of claims preferred for compensation in 1951–52 was of the order of 11.28 crores should cause grave concern. The claims on Railways and their settlement have constituted one of the major issue before Railway Administrations during recent years. During 1951–52, the amount paid by Railways in India on account of goods lost or damaged was Rs. 2.92 crores and this increased to Rs. 3.19 crores in 1952–53. The number of claims cases has also been very high. The number disposed of was 3.83 lakhs in 1951–52 and 3.65 lakhs in 1952–53. So far as Eastern Railway is concerned, the importance of claims cases would be clear from the fact that out of Rs. 3.19 crores paid during 1952–53 by all Government Railways in compensation, the Eastern Railway paid Rs. 1.34 crores. Thus though the Eastern Railway is the smallest in mileage among the Groups, the claims paid by it has been the highest being a little over 42 per cent. of the total claims paid. Further when related to the gross earnings, it is found that nearly 2 per cent. of gross earnings was paid by way of compensation for claims by the Eastern Railways in 1952–53. From the provisional figures supplied by the local administration, it appears that the amount of claims paid during 1953–54 has been roughly Rs. 1.06 crores already and at the end of March 1953 there were 32,612 claims cases (including coal cases) as against 31,741 at the end of March 1953.

The number of claims cases pending before Court at the end of March 1954 was 6,327 as against 5,767 at the end of March 1953. The Railways' diagnosis of this problem of increasing loss and theft is that greater proportion of such claims are due to organised gang thefts both in running trains and yards and stations and that the problem was one of law and order mainly concerning the State Governments. We can say on basis of our experience that this diagnosis is not correct and may be it is due to this that the remedies applied by the railways are not proving effective.

It cannot be denied that organised thefts do occur. But the picture of such thefts occurring on very large scale is largely overdrawn. By far the largest number of thefts on railways appear to us to be such cases in which the loss and theft are committed in complicity with the Railway staff. As the Railway Administration have virtually made it a matter of policy to repudiate the claims on grounds of running train thefts and organised gang thefts, very large number of claims are being repudiated. It has, however, been the experience of the trade that the Railway Administration have not been able to prove in majority of cases in the Court of Law that the loss actually occurred due to running train thefts and organised gang thefts. In 1951–52 out of 14,879 suits filed by the claimants, 9,630 suits were later settled out of court by Railways and 2502 suits were decreed in favour of the claimants. It is generally seen that when parties file suits against railways in the Court of Law the Railways acting upon legal advice get the suit settled out of court knowing full well that the railway repudiation could not be upheld by the Court of Law. The above figures of suits would in effect imply that the Railways had repudiated about 81% of the claims on untenable grounds and as such they had to eventually accept the claims of the party either through decree of the Court or through out of court settlements. It is, therefore, necessary to reform the unscrupulous railway staff in addition to the measures to fight against really organised gang thefts or running train thefts. The following measures may be worth considering:—

- (i) Creation of a special detective and enforcement branch to deal with the *modus operandi* of the dishonest staff.

- (ii) Imposition of collective fines and/or disciplinary action may be taken on staff concerned in cases of thefts.
- (iii) In case of running train thefts or organised thefts, copies of all telegrams, police reports and other messages sent by the Railway staff should be immediately sent to the consignor so that he can also make enquiries of his own.
- (iv) Rules requiring submission of the "Missing Goods Return" by the destination station within 7 days from the date of the delivery of goods should be strictly enforced.
- (v) Extreme caution should be used in selecting wagons for foodgrains and oilseeds so that the goods may not get damaged due to defective or leaky wagons. Proper checks should be arranged so that wagons may not become leaky on the way.

**Amendments of Certain Provisions of the Railways Act & The Rules of Goods Tariff—**

(i). Section 72—76 of Railways Act provides *inter alia* that the responsibility of the Railway Administration shall be that of a bailee as laid down in the Indian Contract Act. But the same Section provides in effect that by executing special contracts in the shape of Forwarding Notes to be filed in by parties prior to despatch of goods in a prescribed form, the Railway Administration may limit its liability as a bailee. It is suggested that the liability of the railways as bailee should not be limited unreasonably in any way and the relevant Section of the law mentioned above should, therefore, be amended accordingly.

(ii). The law provides that the Railway Administration shall be bound to disclose to the consignor how the consignment was dealt with throughout the time it was in its possession and control and if necessary to give evidence thereof before the consignor is called upon to prove misconduct.

The above provisions of law has been subject of different interpretation by Law Courts as to whether and to what extent the Railways are bound to disclose how the consignment was dealt with, prior to filing of the suit or during the stage of litigation. In actual practice the railways generally do not give the benefit of this disclosure to the parties till the suit is filed. It is, therefore, suggested that this provision should be suitably amended so as to provide in express terms that the railways should be bound to disclose at all stages of the filing of the claim how the consignment was dealt with.

(iii) Regarding serving of notice for claim Railway Board have already issued instructions to the effect that even if ordinary letters are sent to the railway offices regarding claims, then these should not be repudiated on the technical ground of non-service or improper service of notice. It is, however, found that Courts of Law have dismissed claims precisely on these technical grounds. It is, therefore, suggested that the Sec. 77 of Indian Railways Act should be suitably amended so as to expressly provide that ordinary letters delivered to the Claims Office in normal manner should be treated as valid Notice under Section 77.

Section 77 of the Railways Act should further be amended suitably so that cases

of overcharge, arising out of gross mistake on the part of Railway Administration regarding knowledge of or interpretation of any particular rule should not be included within the purview of Section 77. In such cases, the provision of the Limitation Act should apply and claimants may file claims for refund within three years from the date of booking.

(iv) In certain cases the liability of the railway for goods carried at owners' risk has been extended to cover cases of negligence in addition to cases of misconduct as a result of the Indian Railways (Amendment) Act of 1949. However, owing different to interpretations put on the implications of negligence, the trading public has not derived any benefit from the new provision. It is therefore, suggested that some illustrations of specific acts of negligence should be inserted in the relevant section and also the liability should be extended to cover cases of "imprudence" in addition to "misconduct" or "negligence".

Apart from amendments to the provisions of Railways Act, the following amendments in certain rules and procedures regarding claims should be considered :—

(1) The rule 31(2) of the I.R.C.A. Goods Tariff No. 29 stipulates that the Railway is not liable for any loss or damage to goods lying in the railway sheds beyond reasonable time, the free-time being normally counted as the reasonable time for this purpose. This rule should be deleted for the following reason :—

The incidence of theft and pilferage of goods on all railways have increased to alarming proportions during recent years. And it has also been noticed that in numerous cases the complicity or connivance of the railway staff has also been responsible for such thefts and pilferage taking place. It has been the experience of the trade that the rule which absolves the railway staff from all responsibility in respect of safety of the goods beyond free time (which has been drastically curtailed to 24 hours only in place of pre-war 72 to 96 hours) is being taken advantage of by the unscrupulous among the staff and even generally speaking, the care and prudence required for safe custody of the goods in railway sheds is not exercised. The demarcation of liability for loss between "within free time" and "beyond free time" look quite reasonable in theory, but it is not a practical proposition in actual working. The inevitable effect of the rule has therefore been that goods are not being cared for in the railway sheds any time whether within free time or beyond free time and as it is virtually impossible for the claimants to prove that the loss occurred within the free time and not after the free time, the net result is that all claims for loss or damage occurring in the railway sheds are being repudiated on grounds of the protection given to the Railway under rule 31(2).

The apparent idea behind this rule seems to be that delay in removal of goods from railway sheds should be discouraged in all ways. The Committee fully agree in principle that this

should be so. But such measures as drastic curtailment of the free time and heavy penal rates for wharfage have already been adopted as deterrent to discourage delay in removal of goods. The effect of the rule 31(2) offends against the spirit of the obligations assigned to the Railway as bailees under the Railway Act and as mentioned above, in actual working it gives impetus to acts of negligence as well as complacency on the part of the railway staff.

The following extract from a judgment will be of interest to note in this connection:

Re: Judgment of Mr. Justice K. C. Das-Gupta & Mr. Justice Deba Brata Mukerjee dated 23-12-54 in Chauthmull vs. Union of India (Reported in AIR. 1955 May, Cal. Page 204.)

"Whether the consignor's representative fails to take delivery within reasonable time after it is ready for delivery by the carrier, the liability of the carrier ceases. But the court should consider the further question whether after the liability of carrier strictly so called has ceased, there has or has not arisen liability on a further contract or bailment, arising from the fact that Railway continue to keep the goods. And in this respect the provision of Section 47 (1) (F) of Railways Act has to be noticed alongside the fact that it was under the rules framed on 3-7-1902 for regulating the terms and Conditions on which the Railway Administration agreed to warehouse or retain goods on behalf of the consignor, or owner on payment of certain charge. As in this case wharfage charges are realised from the consignor at the time when delivery of the goods were taken, Railway is liable under Section 152 of Contract Act, as bailees on a contract of Bailment, for warehousing the goods and is, therefore, liable for the loss, caused by the goods, having been damaged while warehoused".

(2). *Re: "Said-to-contain remarks on R R"*. The procedure in regard to the grant of "Said-to-contain" receipts has been embodied in para 266 of the old B. N. Rly. Traffic Manual. Under this rule "said-to-contain" remark is required to be given only in cases of consignments whose contents by their very nature cannot be checked at the time of loading, as regards (1) number of packages or (2) the contents of packages.

In actual practice, however, the remark "said-to-contain" is being given in Railway receipts most indiscriminately even where no such remark is warranted by the above-mentioned rule. Consequently, claims for shortages are invariably repudiated for consignments where the R/R contains the remarks 'said-to-contain'. Obviously, where the remark 'said-to-contain' is wrongly inserted on the R/R by railway staff, the claimant should not be made to suffer for the fault of the railway staff. But the Railway Administration have recently started defending their repudiation of claims on the ground that the consignor by reason of his acceptance of a wrongly made out R/R is deemed

to have accepted the remarks in the R/R as correct. It is, therefore, suggested that there should be an expressed provision either in this Act itself or the relevant rules to the effect that where any un-warranted or irregular remark in the R/R is inserted by the railway staff, the Rly. Administration should be held responsible and the claimant should not be made to suffer.

(3). According to extant rules, if the wagon allotted against registered indent is not loaded within free time and the wagon is allowed to be loaded after the free time then the Registration Fee is forfeited and the demurrage is levied in addition. If, however, the loading commences within free-time and continues after the free time, then demurrage only is charged.

The above rule is irrational and unreasonable to the extent that it stipulates forfeiture of registration fee deposit over and above the demurrage, the latter charge alone being the proper penalty for detention of wagon. The rule should be amended suitably so that claims for refund of registration fees in respect of utilised wagons may be entertained.

(3). *Need for Improving Efficiency in Disposal of Claims*: The following administrative measures are suggested for consideration of the Committee:—

- (i) The powers of the Station Masters to settle claims may be increased from Rs. 50/- to Rs. 100/- and the ceiling limit for settlement of claims pending the concurrence of the F.A. and C.A.O. may be increased from Rs. 1,000/- to Rs. 5,000/-.
- (ii) There should be a maximum time limit for settlement and payment of claims and the Railways should be liable to pay interest on the amount of claims that may be admitted after expiry of such time limit. It appears that there is no legal bar even at present in paying such interest and in fact compensation at the rate of 10 per cent was paid on Invoice value at one time.

The following resolution passed in the meeting of the Central Railway Advisory Council on 7th December 1948, under the chairmanship of late Shri Gopalswami Ayyengar, was in the right direction. But the same is not being given effect to for reasons known to the railway alone. The resolution should be made effective and the scope of the resolution should be widened to cover claims of even shorter period than 1 year and 6 months:—

#### *Resolution.*

"In case of total loss of a consignment, settlement will be made without further enquiry if a year has elapsed from the date of booking of the missing consignment. Claims for total loss to which no answer exists are to be settled if the goods have been missing for more than six months, provided the claimants agree to reimburse to the railways the money paid to them in the event of the consignment being subsequently traced".

- (iii) The decision of the Claims Officers in case of repudiation of claims or substantial reduction in the amount claimed



should be in the form of a quasi-judgment, giving full particulars of the grounds on which repudiation or reduction is based.

- (iv) There should be an Appellate Authority to hear appeals in all railway claims cases on the lines of the Income-tax Appellate Tribunal. It is considered that the very existence of such an Authority may improve the settlement of claims and better administration. It is stated that claims may be repudiated for damage caused by wet and consignments booked and carried even at Owners' Risk in cases where at the time of loading wagons were inspected and certified by the Railway Staff in respect of water-tightness and fitness otherwise. If no such certificate is found to have been issued, then the claims for wet damages are accepted. It is reported that frequently wet damages are due to use of leaky or defective wagons and also due to open sheds and godowns or leaks in such sheds. It is further reported that there are virtually no sheds in some places. It therefore appears that damages caused by use of leaky or defective wagons should be accepted straightway and claims should not be repudiated on the ground that certificate of water-tightness or fitness was issued at the time of despatch. If the wagons are found to be leaky or defective at the destination, then it should be accepted that the certificate of fitness was not a proper certificate. After all, such a certificate of fitness should mean fitness for the whole journey.

- (v) It is found that a larger number of suits were settled out of Court after these are filed by the claimants to avoid repudiation on the ground of time bar. In 1953-54 on the Eastern Railway alone, 6,377 cases were filed in the Courts and 4,351 cases were compromised out of court. The filing of claims in court and subsequent settlement means considerable loss and inconvenience both for the merchants and the Railways. The Railways should therefore arrange for special examination of such cases to find the exact reasons why these had to be taken to Court and how these could be settled out of court subsequently.

It is suggested that (a) before the railway decides to contest a suit, strictest scrutiny of the case by law section be made and if the case is weak, payment must be made at once on receipt of notice under section 80 of C. P. C., (b) the practice of bargaining by officials be stopped. It often happens that even if the quantum of loss or shortage in a particular claim is proved and accepted by the railway, the claim is not met straight away on the basis of the accepted loss but a lump sum is offered by the railway by way of bargaining, without disclosing any basis or justification for the amount offered. This practice of bargaining is both a root of corruption and a very common cause of claimants' resorting to Law Courts. While bargaining on a business principle by private railways in the past was quite understandable, it is anomalous now when the railways are a state enterprise.

- (vi) An all-out drive to improve the efficiency of the claims offices should be made and the delay occurring at every stage should be minimised. At present delay occurs at all stages and the delay in course of investigation by inspectors has become notoriously famous. Inordinate delay also occurs in Law Section. In case of North-Eastern Railways even mere acknowledgement of claims filed takes months together. It is, therefore, suggested that a standard time schedule for disposal of claims at every stage should be fixed and enforced on the pain of proper penalties to delinquent staff.

#### *Supplementary Suggestions.*

It will not be out of place to mention here the various grounds on which repudiations of claims are generally based in order to show how in most cases claims are repudiated on flimsy grounds which cannot stand the test of truth or even consistency. We shall deal with a few typical grounds of repudiations here:—

- (1) "*Loading and unloading done by sender and consignee.*"—Railways generally deny liability in case of "L" condition consignments on the ground that the loading and unloading was not supervised by the Railway and the wagons being delivered under original seal, no question of railways liability arises. In this connection it may please be noted that under the rules framed by the Railway themselves as embodied in para 266 of the old B.N.R. Traffic Manual, the railways are bound to supervise loading and check up the number of bags loaded and insert clear remark in the Railway Receipt stating the number of bags loaded in case of consignments containing bags, bales or such packages. But if the railway staff fails in his duty to carry out such supervisions, the public should not be made to suffer. Similarly, even in cases where "L" condition consignments are unloaded by the Railways themselves for their own convenience, the tendency is to repudiate liability on the grounds of "L" condition booking.

- (2) "(a) *Cut through crevices of Flap Doors,* (b) *Damage through rain-water beating through crevices of Flap Door.*"—In case of claims arising out of damage through wet, the above-mentioned grounds are invariably quoted to repudiate the claims. In this connection it will be appreciated that in both the above cases the extent of damage cannot be very high. Because the size of the flap door being not more than about 8 to 10 sq. ft., the utmost damage can normally be not more than 3 to 4 bags on each side by leakage of water through the crevices of flap doors. But even claims involving heavy damages are repudiated on this ground.

- (3) (a) Bags new but single.  
(b) Bags new but coarsely woven.  
(c) Bags torn and slack.  
(d) Bags not strong enough to protect the goods.

A large number of claims are repudiated on the above-mentioned plea of defective



packing, although in majority of cases such repudiation cannot be justified by actual conditions of the packing used. To obviate such arbitrary repudiation, it is suggested that a minimum standard of durability of the bags may be prescribed and once the bags conforming to that standard is accepted by the Railway in booking of goods, no repudiation on grounds of defective packing should be allowed.

(4) "*Running Train Theft.*"—This is one of the most common grounds on which claims are being repudiated in very large numbers. The running-train theft is interpreted to mean any theft occurring either when the train is actually running or when the train is stopping on any railway station or yard or in between two stations. This has a very wide coverage. At least when the train is stopping at any station or yard, precautionary measures could be taken to prevent theft. No account is taken by the Claims Officer of the circumstances in which theft took place and claims are being repudiated on this ground without any proper consideration of the imprudence, negligence and misconduct of the staff.

It is, therefore, suggested that a set of standard rules should be framed governing the railways liability under the above-mentioned typical circumstances. While it is appreciated that in all these above matters the officers concerned should exercise their judicious mind to the facts and circumstances of the case before arriving at a decision, but the tendency to defend the Railway Administration by all means proper or improper has become so rampant that some sort of standard rules on the above-mentioned points is felt necessary for guidance of the officers as also knowledge of the claimants. This tendency to justify the irregularity of the Railway Administration has now reached a stage in which the

officers do not even hesitate to take a stand which would only be called childish and ridiculous. The following examples of such a stand being taken by the Chief Commercial Superintendent, Eastern Railway, would speak for itself.

Towards the beginning of December '55, a large number of consignments which were booked to Howrah were unloaded at Chitpur and the consignees were asked to take delivery of the goods from Chitpur. This situation was brought about by the fact that Howrah Goods Sheds were too full to accommodate the incoming traffic and the unloading of those consignments at some other station *viz.* Chitpur had to be resorted to avoid detention of wagons. Some consignees in this connection wrote to the Railway Administration requesting that the goods should be delivered to them at the destination to which the goods had been booked namely, Howrah, in this case and not at wrong destination at Chitpur. The Railway Administration, however, justified their irregular delivery of Howrah-booked consignments to Chitpur on the ground that the railway freight chargeable for Howrah & Chitpur being the same, Railway could unload the goods at any point at its own convenience irrespective of the destination mentioned in the Railway Receipt. The absurdity of the stand taken by the Railway in this case is too obvious to need further explanation. The Railway's argument is tantamount to saying that if, for example, a trader books a consignment from Delhi to Patna, the Eastern Railway would be justified in asking the consignee to take delivery of the goods from Gaya, on the ground that the amount of freight payable from Delhi to Patna or Gaya is the same. For the sake of reference a true copy from the letter addressed by the Railway Administration to individual consignee is appended below:—

*Copy of letter No. GA/1154/A/55 Misc. dated 14-12-55 from the Goods Accountant, E. Railway, Howrah:*

*Re: Belangunj to Howrah. Inv. 543/082249 of 23-11-55. 200 bags Gram.*

*Your Ref: Reloading of consignments lying at Chitpur to Howrah.*

Your case was referred to C.C.S., Calcutta and I am sorry to inform you that C. C. S. cannot see eye to eye with your views as the charges applicable are same to consignments, whether booked to Chitpur or Howrah.

Besides Chitpur Yards Shed will be functioning from 6 hrs. in the morning and as such it will be possible for you to take delivery of the consignments at that time"

#### *Conclusion.*

Lastly, the Enquiry Committee may kindly consider the fact that justice in this country being neither cheap nor speedy, it is extremely harassing for the average consignee to seek redress in a court of law. Most anomalous though it is, the Railway officials armed with the resources of the states fully exploit the unenviable lot of the claimants as such and in most of the cases, once the Railway repudiates a claim, the claimant stands to lose in both the cases, *i. e.* if he accepts the repudiation, obviously the

money is lost and even if he files a suit in the Court of law the proverbial law's delay and the cost of litigation leave hardly anything to him even if he wins the suit. It is, therefore, requested that the Enquiry Committee would give this aspect of matter their particular attention and see that effective measures are taken to ensure justice to the claimants at the hands of Claims Officers, so that need for litigation may be minimised to the maximum extent.

# Indian Rope Manufacturer's Association,

Calcutta.

## GENERAL

The Committee at the outset would mention that they do not propose to answer all the questions set out in the questionnaire, but would like to confine themselves to the following reclassifications in respect of items which are of particular interest to the Rope industry.

1. Among the suggestions the Committee of the Association would like to put forth, the most important relates to reclassification of ropes of different varieties such as rope manilla or sisal; rope hemp or jute and rope cotton in the existing Railway Goods Tariff Schedule. It is the opinion of the Committee that such reclassification is necessary to ensure that the freight rates paid on rope movement are fixed in relation to the ability of the industry to bear them without having to shift on the same to the consumer which intensify the already prevailing slackness in the industry.

To facilitate a proper appraisal of the whole question, it may be recalled that with effect from 1-10-48, hemp fibre has been classified under class 8. As a result of representations made before the Rates Tribunal by the traders in fibre, certain special rates have been quoted for the fibre with effect from the 1st January 1952 from some stations on the Eastern Railway and with effect from 1st April 1952 from some other stations on the then B. N. Railway. On this basis, although the fibre classification remains at class 8 as before, the effective payable rates on the fibre have come down from Rs. 1-13-7 per maund on despatches from Shiupur to K. P. Docks to Rs. 1-2-0 per maund. Similarly, on consignments of loose hemp from Nainpur station to shalimar this rate works out to Rs. 2-1-1 per maund against Rs. 2-12-8 originally levied. The latter rate has been calculated on the basis of .57 pie per maund per mile whereas under class 8 the chargeable rates are .84 pie per maund on the first 300 miles, .78 pie per maund per mile on the next 300 miles and .73 pie per mile on distances thereafter subject to a maximum of Rs. 6 per maund. It may be thus noticed with effect from the 1st of January, 1952, the fibre rates have for all practical purposes been reduced to a considerable extent.

This background is recounted to indicate that the present classification of ropes made out of different fibres is not strictly justifiable. Prior to 1-4-52, rope manilla or sisal and rope cotton were classified under class 4 and rope hemp or jute under class 3. These have respectively been raised to class 8 and class 7 on the ground that the classification of the fibre itself was in a higher category than that of the manufactured product. As the revised special rates applicable to the fibre were not then made public, the rope industry as represented in this Association did not consider it opportune to appeal against this revision. It is however, considered that the conditions obtaining in the industry

at present and special circumstances detailed below require the original classification of ropes being restored.

(i) As already pointed out, in instituting a comparison between the fibre and its manufactured product, it is not sufficient to go strictly by the classified rate for the fibre. This rate remains ineffective in view of the special station-to-station rates which have now been quoted and practically no movement takes place under the class rates. As the disparity between the fibre prices and the prices of the manufactured product is limited to a narrow range, it is obvious there must be some reasonable relationship between the rates quoted for the fibre and for the manufactured product. This is particularly so, as in the price of the manufactured product nearly 75% will be accounted for by raw material price and the remaining 25% alone would constitute manufacturing costs, depreciation and other charges and manufacturer's profits.

(ii) Since the 1st of April 1952, when the revised rates were introduced, both fibre prices and rope prices have registered a considerable decline as will be noticed from figures of prices for Indian hemp, manilla fibre, sisal fibre given in the statement below and the prices for ropes of hemp manilla, sisal, jute and cotton also indicated in the same. Throughout the entire range of ropes prices, it may be seen that the decline has been to the extent of about 40%. This has been more or less in keeping with the fall in the fibre market but since at the same time manufacturing costs have been stationary and the general level of prices has shown a downward tendency, it is clear that it will be increasingly difficult to pass on increased freights to the consumer of ropes and consequently will cut into the narrow profit margin now available to the industry.

(iii) At a time when the general level of prices tends to follow a downward trend, such high freight rates which go to add to the cost of ropes, will fall with particular severity also on the cultivators who happen to be the major consumers of ropes. To the extent, therefore, that the shifting of the cost incurred by high freight rates to consumers takes place, it will affect demand which will have a depressing effect on the industry itself and further increase its cost of production.

(iv) The increase in freight rates has taken place at a time when prices of ropes actually began to decline as will be noticed from the rope prices mentioned earlier. The increase itself has been both sudden and considerable as under class III a ton of ropes from Calcutta to Bombay moved at a rate of about Rs. 108 against Rs. 162 which it incurs under the present class 7. Any increase of this character which has been sudden and substantial, even apart from the decline in rope prices itself, is unjusti-

fiable as it upsets the entire distributive structure of the trade prevalent for a long time. It is appropriate to mention in this context that with the diminished volume of business now forthcoming and general slack conditions obtaining in the trade, it would not at all be surprising for the rope companies to avail of alternative methods of transport as by steamer. The steamer rate from Calcutta to Bombay will hardly be about Rs. 40 a ton and therefore it is likely that in a deteriorating market the revised rate also results in diminishing the custom of the railways.

(v) The parity in rates kept among ropes of different categories has also been disturbed and it is found that sisal and manufactured ropes which cost on the average between Rs. 75 to Rs. 130 per cwt. are placed in the same freight classification as cotton ropes which cost about Rs. 330/- per cwt. This is thoroughly discriminatory and can have no justification under any accepted principles of railway rating.

(vi) It may also be recalled that before the revision of the rates, both sisal and manilla fibres were classified under 2 RR and under a still lower classification at owner's risk, whereas after the rationalisation of the rates structure on the Indian Railways, the only rate applicable to these ropes is the classified rate at railway risk. It is clearly a higher rate as generally understood than for despatches at owner's risk.

The Committee would stress in this connection that the disparity of prices between the raw material and the manufactured product being very narrow does not permit of the wide disparity that is now noticed between the effective rate for the fibre and the rate for the manufactured product.

(vii) Another relevant factor which my Committee would urge for your consideration in vindication of our standpoint for restoring the original classification of ropes, is that the lower and concessional rates for fibre now allowed, mean in effect, discriminatory treatment against indigenously manufactured goods and in favour of an export product. Expatiating on this further, the manufactured material made in the country and consumed within the country is, as a result of the present classification in the Goods Tariff Schedule, faced with a disadvantage which does not confront the raw material in case the same should be exported abroad. To this extent it is detrimental to the expansion of the industry and sustenance of employment within the country. While the Committee do appreciate that Railways should not be normally expected to take notice of this factor, it is our view that when discrimination is meted out to an indigenously manufactured product as against export trade, such a situation should be relevant even for rating purposes.

(viii) It may also be stressed that rope consignments are usually booked in smalls whereas the fibre is invariably booked in wagon loads and as such the classified rate becomes effective in the case of ropes but does not in the case of fibre. This would again emphasise our contention that the rate for the manufac-

tured product should be restored to the previous level.

(ix) The Committee would also point out that the assumption that the manufactured product should invariably be classified higher than the raw material should no longer be held as axiomatic, as in many cases the increase in the value of the manufactured product may not be much higher than that of the raw material and by its undergoing the process of manufacture such production may offer several advantages of movement to the Railways themselves. As had been pointed out in the foregoing paragraphs, hardly about 25% of the total value of ropes will be represented by manufacture and incidental charges, depreciation and reasonable profits whereas the value to the Railways as a carrier in moving ropes as against carrying fibre is that much less wagon space is utilised for movement of the same type; the manufactured products possess easy transportation characteristics, consequently less cumbersome for Railways to carry them and that they are not likely to damage or contaminate other materials in the same train load by their proximity. In other words, finished ropes by virtue of their transportation characteristics make it more advantageous to the Railways to carry them than the raw material fibre. On this basis also the restoration of the previous rates would appear to be called for.

For reasons detailed herein, the Committee would request that the original classification for ropes prior to 1st April, 1952, be restored.

II. A second request, which the Committee of the Association would make to you, relates to the grant of station-to-station rates for the movement of coir fibre from Cochin to Calcutta and of aloe fibre from Ahmednagar to Calcutta. Aloe fibre and coir fibre constitute two essential raw materials of the industry and the Government of India are striving to make this country self-sufficient in respect of supplies of raw materials to the industry. It may also be mentioned that Ahmednagar and Cochin are the only two sources in this country, which are in a position to supply this raw material at present.

The traffic in coir fibre from Cochin to Howrah is estimated at 2,000 tons per annum while that of in aloe fibre from Ahmednagar to Calcutta is approximately 2,600 tons per annum. The traffic usually takes place in wagon loads. In the existing Goods Tariff Schedule, pressed aloe fibre is placed under class 7 RR and unpressed under class 8, whereas coir yarn is placed at class 3 RR. On an average, the railway freight per cwt. on coir yarn works out to Rs. 3/4/- and the freight rate on aloe fibre is approximately Rs. 4/6/6 per cwt. The approximate prices of these materials are given below.

(i) Coir yarn, average rate per cwt. - between Rs. 40/- and Rs. 55/-.

(ii) Aloe Fibre average rate per cwt. - between Rs. 40/- and Rs. 53/-

In view of the fact that the traffic is regular throughout the year and that they move in wagon loads, the Committee would stress that special station-to-station rates should be granted for this traffic thereby enabling the industry to utilise the indigenous sources of

supply to the maximum possible extent. It is relevant to point out an additional advantage which would be forthcoming to the Railways as a request of the grant of station-to-station rates especially for the movement of coir yarn from Cochin. An increase in the traffic could be expected since considerable volume of traffic now available to steamers (who charge at the rate of Rs. 2-4-0 per cwt. for coir yarn in contrast with

Rs. 3-4-0 per cwt. charged by the Railways) would then be diverted to rail traffic. This would also be of considerable assistance to the implementation of the Government's objective of attaining self-sufficiency in respect of raw material supplies.

The Committee would be thankful if sympathetic consideration is given to the requests made in the foregoing paragraphs of this memorandum.

## Indian Strawboard Manufacturers' Association, Calcutta.

### PART—I-A.

Q: 1. The introduction of telescopic principle as an integral part of Railway rating since October 1948 did not benefit the Strawboard industry as will be clearly indi-

cated from the comparative quotations of freight from the factory to certain destinations as they were prior to 1948 and as they are ruling today:

			Distance mileage.	Freight before October 1948			Freight ruling today.		
To Bombay	...	...	522	Rs.	0	11 11 per md.	Rs.	1	9 8 per md.
„ Madras	...	...	924	„	1	3 4 „	„	2	7 4 „ „
„ Howrah	...	...	694	„	0	15 5 „	„	2	6 3 „ „
„ New Delhi	...	...	436	„	0	8 0 „	„	1	4 6 „ „
„ Ahmedabad	...	...	375	„	0	2 4 „	„	1	2 1 „ „

The one reason why the difference between two rates of quotations cited above has been so sharp is due to the two-fold facts, namely, that since October 1948 Strawboard which used to be classified as 1RR before is being classified now as 2RR and secondly because the pre-1948 quotations shown in the table above representing station-to-station quotations whereas the figures in the last column represent class rates alone. Since 1948, the only basis of charge for strawboard is the class rate (2RR), there has been neither any station-to-station quotation nor the quotation of any WL scale.

Q: 10. It would be pertinent to report here that dry grass was not classified under raw materials booked to paper mills in the general classification of goods and it is only by a judgment delivered by the Railway Rates Tribunal in October 1953, in Complaint No. 7 of 1952 (Indian Paper Mills Association, Calcutta, *versus* the Western, Central and Northern Railways), that dry grass was included within the entry "Raw materials" for paper mills in the general classification. This fact is cited here as an illustration of the difficulty experienced by the industrial interests in having even small re-classification of goods in a downward direction accepted by the Railway.

Q: 11. The Association is clearly of the opinion that the chargeable rate for traffic

moving in wagon-loads should be quoted on a lower basis than the rates chargeable for traffic in smalls, provided of course, the movement of traffic in wagon-loads is a normal feature or a potential normal feature of the trade in question. One of the complaints made by the strawboard industry before the Railway Rates Tribunal in 1954 was that although the wagon-loads represented a sizeable portion of the traffic in strawboards—the estimated number of wagons carrying strawboard over the Indian Railways being not less than 1000 per year—the rates structure provided for only one basis of second class rates applicable both for smalls and wagon-loads. For technical reasons, the Railway Rates Tribunal could not, however, go into the issue of having a WL scale rate quoted in a case where no such quotation existed in the General Classification of Goods. The issue was, however, taken before the Railway Board as far back as December 1953, but until now all efforts of the industry in having a lower basis of charge quoted for movements of traffic in wagon-loads have proved abortive.

Q: 12. Here again, the Association has to report that it is only as a result of the judgment of the Railway Rates Tribunal in complaint No. 7 of 1952, that the minimum weight charge of Rs. 1/12 per ton on carrying capacity of wagons booked for strawboards could be made to be waived by the Railways.

The Association does not consider that the minimum charge of Rs. 1/12 can be borne by low-priced commodities in the case of relatively short-distance traffic. Indeed, when against the judgment of the Railway Rates Tribunal, the respondent Railways filed an appeal before the Madras High Court (Writ petition No. 81 of 1954) they strongly urged that the strawboard traffic should not be exempted from the operation of the minimum leviable charge under Rule 82 (2) (ii) of the IRCA Goods Tariff No. 82 (now changed into Rule 92 (4) of the IRCA Goods Tariff No. 29). Fortunately, for the industry, the High Court of Madras took a more drastic view of the matter holding that levying of the minimum charge was unreasonable within the meaning of the Indian Railway Act. The judicial pronouncement on the subject should make it clear that either the minimum charge per ton must be entirely abolished, or its provision in Rule 92 (4) should be of an extremely flexible character.

Q: 16. One of the effective methods for better utilisation of wagons is, in the opinion of the Association, quotation of wagon-scale rates in the case of a traffic where such movement of wagon-loads is either an actual or a potential feature of the trade in question. Such a view can best be illustrated with reference to the conditions prevailing in the strawboard industry. As already stated there is no WL scale quoted for strawboard. But all the same, there is in actual practice a large volume of traffic in strawboard moving in wagon-loads as also emphasised above. The minimum load required to be given by the Indentor of wagons for booking of strawboards is 250 maunds whereas the minimum weight requirements of a WL scale—if it were quoted—would have been at least 450 maunds or thinkably 500 maunds. The loss of wagon space thus resulting from non-quotation of WL scale for strawboard under a minimum wagon condition closely approaching the carrying capacity of the wagons, is thus almost colossal.

Q: 28. The Associations representing the Strawboard industry are constrained to state that the attitude of the Railways is extremely rigid as regards quotation of station-to-station rates. One of the matters on which the strawboard industry sought relief at the hands of the Railway Rates Tribunal in 1952

(Complaint No. 7) was that in addition to the classification of strawboard under 2RR, the WL Scale (F) should be quoted for this commodity under minimum wagon condition of W500/L, the Railway Rates Tribunal holding that their hands were tied by Section 42 (2) (b) of the Indian Railways Act they are unable to give any relief to the industry, it being open to the Government to give any relief that may be called for in this connection. The Strawboard industry in December 1953 placed this matter before the Railway Board and even if the Railways could not accept the suggestion of an overall relief by quoting WL/F scale for strawboards, they could certainly meet the industry's point of view by quoting station-to-station rates to at least 5 of the important distributing centres from the several factory stations. Unfortunately, nothing of the kind was done with the result that today, in certain cases, the Railway Rates work out as high as 17 per cent of the value of goods F.O.R. despatching station.

Q: 55. The Association is extremely anxious that the Railway Authorities should meet the demand put forward by the Strawboard industry by either of the following measures:

- (i) Either they should quote an alternative wagon-load charge of WL:F under condition W500:L: OR B. G. wagons;
- (ii) Or, they should quote from the factory stations special rates to at least half a dozen distributing centres so that the freight per maund may in no case be anything more than Re. 1/- per maund.

The point that the Association desires to stress is that it is a galling anomaly that paper and strawboard should both be classified under 2RR even though the minimum price of paper per lb. of even the worst quality is at least 100 per cent. higher than the price per pound of best quality mill board, and even though according to standard manufacturing practice, the average weight/volume is much higher in the case of mill board than in the case of writing or printing paper. If for financial reasons the anomaly cannot be set right by any other method, this should be done at least by quotation of station-to-station rates.

## The Indian Sugar Mills Association,

Calcutta.

### GENERAL

The entire Indian Railway Freight Structure was revised with effect from 1st October, 1948, with a view to unifying the rates and to introduce telescopic rates on continuous mileage basis. Prior to the above revision, there was no uniform policy followed as regards the freight rates chargeable for any particular commodity, as the same

was different over different railways. This was also true of sugar, which was charged at varying rates over different railways. There can, therefore, be no two arguments about the above objectives of the Government in rationalising the freight rate structure. But in actual practice the revision had led to an all round sudden and steep increase in the



freight charges. While previously there were 16 classes and the same have now been reduced to 15. The commodities have also been re-classified and in the process of re-classification, most of the commodities have been upgraded by one class. At the same time, many of the scheduled and the station-to-station rates, which were previously in force, have been abolished. Further, the carrying capacity of the wagons has also been increased in a number of cases and wagon load rates which were available previously for a large number of commodities were also abolished. Thus, although the main object of the Government in revising the classification was to rationalise the freight rate structure, the general effect on the industry and the trade has been in the direction of a considerable increase in the transport costs due to the sudden and steep increase in the freight charges. The introduction of the revised telescopic rates has,

therefore, instead of conferring any benefit on the trade and industry, considerably added to their burden by way of increased freight charges.

Besides, a further increase of 10% in the freight charges on goods falling in the first leg of the telescopic rates has been effected in the railway Budget proposals for the year 1955-56 and the same has come into force from 1st April, 1955.

The sugar industry has also been hit hard in many ways by the revised freight rate policy followed from 1st October, 1948, as would appear from the following paragraphs.

Prior to the revised classification, sugar was moving over the different railways at varying rates. For instance, over the former E. I. Railway, the same was being booked at C/N class rates, the charges for which were as follows:—

For the 1st 300 miles	...	.38 pie per maund per mile.
For the 2nd 300 ..	...	.25 ..
For distances beyond	...	.20 ..

As against this, the new rates introduced for sugar with effect from 1st October, 1948, were class III rates which were as follows:—

Basic charges per maund per mile		Wagon load basis of charge	Maximum rate permissible per maund
.58 pie per md. per mile	...	For 1st 300 miles	Rs. 4.
.54 do.	...	For next 300 miles	
.49 do.	...	For distances beyond	

From 1st April, 1955, the rates applicable, are as follows:—

Class III.—.64 pie per maund per mile for 1st 300 miles.

+ .54 pie per maund per mile for next 300 miles.

+ .42 pie per maund per mile for distances beyond.

However, in actual practice, most of the sugar was moving at station-to-station rates which were quoted by the different railway administrations at considerably lower rates compared to class rates. With the introduction of the revised classification, the old station-to-station rates were withdrawn in most cases and in a few cases new

rates were quoted which were substantially higher compared to the previous rates.

Even these revised station-to-station rates had been withdrawn since 1st December, 1951, with the result that all the traffic in sugar has now to move at the prescribed class rate subject to the maximum charge. This has further added to the incidence of freight charges on sugar.

As most of the sugar before the revised classification was moving at station-to-station rates only, to get an exact idea of the increase in freight rate on sugar, it would be necessary to compare the present rates with the station-to-station rates which were available previously. The extent of the increase would be apparent from the following few instances:—

From	To	Old station to station rates	New class rates
		Rs. a. p.	Rs. a. p.
Dalmianagar	Howrah	0 8 10	1 3 3
Seohara	"	1 5 6	2 7 1
Rampur	"	1 2 6	2 5 4
Bihta	Kalol	1 5 6	2 14 0
Dehri-on-sone	Mehsana	1 6 4	2 11 3
Bareilly	Ahmedabad	1 2 8	2 2 3

As will be clear from the above the revised rates added considerably to the incidence of freight charges on sugar, for which there could be hardly any justification. The Asso-

ciation had then represented to the Railway authorities but the arguments advanced by them in favour of the revised rates were that the sugar prices had registered consi-



derable increase and further that the cost of railway administration had gone up to a great extent.

As regards the first argument, it may be stated that it is a well recognised principle that the freight rates should be stable and should not be related to prices which may rise or fall according to the economic law of demand and supply and fluctuations in market conditions. Further, it will be realised that these fluctuations are a temporary feature. As regards the sugar, it may be pointed out that consequent on decontrol of this commodity by the Government of India, in December, 1947, a higher cane price at Rs. 2/- per maund was fixed with a view to attracting adequate cane supplies to the mills for maximising production, and consequently, a higher sugar price at Rs. 35-7-0 per maund, became inevitable. But during the subsequent season 1948-49 the sugar prices had come down to about Rs. 28-8-0 per maund. Now the prices are ruling even below the above figure. But there has been no corresponding reduction in the freight rates on sugar, although the same would be fully justified even according to the above principle of the Railways.

As regards the other argument of the Railways, while it is recognised that the Railways are the country's largest national asset and as such should not be a lasting concern, it is also essential that all possible efforts are made to ensure that they are run on most efficient and economic lines. For, if the Railways go on raising the freight rates to augment their revenues with a view to meeting their rising expenditure without taking into consideration the need of having a freight structure conducive to the expansion of trade and industry, it will in the long run have adverse effects on the general economy of the country which in its turn will affect the revenues of the railways also.

As already pointed out, all the station-to-station rates for sugar have been withdrawn since 1st December 1951 and despite numerous representations by the Association the Railway Board did not agree to reintroduce the same. Their contention was that sugar was already moving freely at ordinary class rate. It may, however, be pointed out here that this has been mainly due to the absence of any suitable alternative modes of transport for sugar movement. The criterion for judging whether the freight rate on particular class of traffic was high or low, should not be whether there is sufficient movement at the particular rate. As has been observed by the Railway Rates Tribunal "if traffic in a commodity is moving freely under a particular rate of classification, it does not follow that the rate or classification is reasonable." The introduction of special station-to-station rates from the sugar factory stations to distant markets, will actually help regular movement of sugar between the sugar factories and those markets leading to a reduction in transportation cost to the railways besides resulting in better utilisation of wagons. It is, therefore, natural that economies realised through lower transportation costs and better utilisation of capacity should be reflected in quotation of concessional rates. This is an important consideration relevant to the fixing of rates in some of the important foreign countries. The trend in the U. K. law is that regular traffic in large quantities

justifies a lower rate since the operating costs are reduced thereby and should be reflected in the rates. This is recognised also by the courts and the Inter-State Commerce Commission in the U.S.A. as beyond question. It may be rather interesting to note in this connection that in the U.S.A. only 4.1 per cent. of all the commodities that actually move in wagon loads are given lower rates, while this is not the case in India. It is, therefore, suggested that in all cases where sugar factories are able to offer assured movement, special station-to-station rates should be reintroduced as was the case prior to 1st October, 1948.

There is yet another aspect of the question which deserves careful consideration. The sugar industry is mainly located in the U. P. and Bihar, who produce about 70 per cent. of the country's production. It is apparent that these factories have to market their production throughout the country. Concessional rates will help them in the disposal of their stocks as also the price of sugar, an essential article of food, would remain low at distant centres. In this connection, particular mention may be made of the fact that if special station-to-station rates are quoted from the sugar factory stations to the port towns in the country, it will considerably relieve the burden on the railways, it may be stated that the port towns, such as Bombay, Calcutta and Madras are important sugar markets which also act as distribution centres of the sugar to the neighbouring areas. If, therefore, the movement of sugar to the ports is facilitated, such sugar could easily be moved by means of ferries and boats to the nearby places for which the ports act as distribution centres. To that extent, the pressure on the railways for movement of sugar will be relieved.

Another point to which attention may be drawn in this connection is the absence of any wagon load rates for movement of sugar. The absence of such wagon load rates, it appears, is presumably due to the fact that sugar was generally moving only in terms of wagon loads. But there is hardly any justification for this specially as the class rates have been considerably raised since 1st October, 1948. The justification of wagon load rates arises from the fact that when a commodity moves in wagon loads the transportation cost is less and there is better utilisation of capacity.

As regards the present telescopic rates, the Committee are of the view that the basic charges for different legs are rather high and the same should be reduced to a reasonable level. Further, the fall in the rate as the distance increases, should be rapid until the long distance point in the legs is reached. It may be pertinent to point out in this connection that the equity of a tapering scale as distance increases, is recognised by the Inter-state Commerce Commission of the U.S.A. The class rates evolved and notified by it commence at six cents for a distance of five miles; this increases at the rate of half a cent for five miles upto 110 miles, half cent for ten miles from 111 to 300 miles, 1 cent for 20 miles from 301 to 400 miles; 1 cent for 25 miles from 401 to 500 miles and thereafter at 1 cent for 33½ miles. Thus, it will be seen that the decline in the per mile rate is rapid until the long distance point in the legs is reached.

Despite higher class rates, there are certain extra charges such as transshipment charges, short distance charges and terminal charges.

As regards transshipment charges of 3 pies per maund, it is felt that the same should not be charged in view of the fact that the conveyance charge has already been considerably increased. When a trader books his consignment and pays a certain freight for it, it is presumed that from the time of loading till the final delivery all the expenses incidental to the conveyance of his goods would be borne by the carriers. Besides, the railways are a public utility concern and they should ensure that cheap and efficient services are provided to the trade and industry. Another suggestion which the Committee would like to make in this connection is that the railway should adopt mechanical devices at the various transshipment points for transshipment as this would expedite the transshipment of goods. Further, the railway should also take adequate care so as to avoid any pilferage and shortage of goods at such points.

As for the short distance charge, it is suggested that the same should be dispensed with specially in view of the minimum distance prescribed for the charge. Further, in the telescopic rates, short distance traffic has already to bear a very high freight, which, in fact, is intended to cover the high incidence of wagon occupation to the service performed over short distances. There is, therefore, hardly any justification for the levy of a separate short distance charge.

Then there are terminal charges. Terminal charges have been defined as "a reasonable fee to cover charges for services incidental to the consignors or duty of a carrier, such as the working charges, repairs, renewals and insurance of station buildings, sidings, sheds, platforms, warehouse, machinery etc. ground rent, loading and unloading, clerkage, weighing and checking of goods, stores, covering, portage and other labour of every description, shunting, gas and lighting, rates and taxes, risk of damage in loading and unloading, cartage, claims for compensation etc. etc. inclusive of profit." It is, however, difficult to ascertain the cost of these various services in the case of each commodity and hence there is no justification for levying a separate terminal charge. Besides, the present standardised terminal charges do not seem to have any relation to the size of the station or the nature of the facilities provided.

**Sugarcane.** So far as sugarcane is concerned, it may be stated that the existing freight rate is very high which makes it uneconomical for the factories to crush rail borne cane. The position would be clear from the details given in the following paragraphs:

Prior to 1st October, 1948, the freight rates on sugarcane obtaining in the former E.I.Rly, were as follows:

Distance (miles)	Freight charges
	Rs. a. p.
Upto 25 miles	... 11 4 0
26 to 35 "	... 12 6 0
36 to 50 "	... 13 8 0

151

As against this, the rates introduced from 1st October, 1948, and which were in operation till 30th June 1953 were as follows:—

Distance	For a wagon of 21 tons capacity
	Rs. a. p.
1 to 49 miles	... 37 0 0
50 "	... 38 0 0
55 "	... 41 0 0
60 "	... 45 0 0

These rates have been worked out on the basis of a charge of .25 pie per maund per mile on the carrying capacity of the wagon subject to a minimum charge of Rs. 1/12/- per ton of the carrying capacity of the wagon. On this basis, the minimum charge for a wagon of 21 tons capacity came to Rs. 37/- upto a distance of 49 miles.

In this connection, the Committee have collected actual information from the members as regards the total quantity of sugarcane crushed by them in the season 1951-52 and the total amount paid as railway freight in the same season. A copy of the statement (A) showing the above is enclosed. It would appear from the same that the actual railway freight alone amounts to about Re. 0-1-9 per maund of cane. Against this, the incidence of freight rates prevailing in pre-war years amounted to 5½ pies per maund. Thus the increase effected in October 1948 was of the order of about 300%. From 1st July 1955, however, the freight charges on cane have been further increased. The revised rates were class 2 rates under which the basic charge was .54 pie per maund per mile upto a distance of 300 miles less 40% rebate allowed by the Railway Board. Thus the actual basic charge applicable was .33 pie per maund per mile. Further, the new wagon load rates were based on the floor area of wagons. A four wheeled B.G. wagon with a floor area of 213 sq. ft. and above was expected to have a loadable capacity of 560 mds. of cane. The new wagon load rates had been worked out on this basis.

Apart from the above, a terminal charge of -/1/- per maund on the loadable weight of cane on the basis of -/6 per maund each at the loading and unloading stations has been levied. A statement (B) showing the increase in the freight rate on cane for a four wheeled B.G. wagon with a floor area of 213 sq. ft. and above on the Northern Railway is enclosed. This statement would reveal that the revised rates were considerably higher than the previous rates and the increase varied from 51.35% for a distance of 20 miles to 129.73% for a distance of 50 miles.

As stated above, the Railways have been proceeding on the assumption that a B.G. four wheeled wagon with a floor area of 213 sq. ft. and above is capable of loading 560 maunds of cane. But in actual practice cane being a bulky material, the actual loading is much less and to that extent expenses go up. Therefore, while arriving at the actual incidence of the increased freight charge this fact is also to be kept in view.

In the revised rates, there is a progressive increase in freight charges with the increase in distance. The Committee have collected

information from the sugar factories on the Northern Railway as to the percentage of cane drawn by them from different distance groups in 1951-52. According to the information received the percentage of cane drawn from different distance groups is as follows:—

Distance	Per cent. of cane
Upto 20 miles	... 61.9%
21 to 25 "	... 14.9%
26 to 30 "	... 8.6%
31 to 35 "	... 5.6%
36 to 40 "	... 3.1%
41 to 45 "	... 2.6%
46 to 50 " and above	... 3.3%

The percentage increases in freight rates for these distance groups on Northern Railway are indicated in the enclosed Statement (C). By taking the weighted average of the percentage increase for different distance groups and the percentages and rail cane for the corresponding groups, the percentage of the overall increase due to the revised rates works out to 62% on the Northern Railway.

As already stated, the incidence of freight on cane previously worked to -/1/9 per maund. The introduction of the revised rates from 1st July 1953 has increased these rates further by about Re. 1/1/-. Thus, the average total incidence of freight rate on cane after the revision in July 1953 amount to Re. 0-2-9 per maund, representing an increase of nearly 500% over the rates prevailing in pre-war years.

The new rates introduced from 1st July 1953, were different from the previous rates in two respects:

- The minimum distance for the purpose of this charge was reduced from 49 miles to 20 miles and the freight continues to rise with the increase in distance beyond 20 miles;
- A terminal charge of 1 anna per maund, has been added.

The Committee wish to point out that progressive increase in the freight with the increase in distance has rendered crushing of long distance cane impracticable.

Further, the addition of a terminal charge at the rate of 1 anna per md. of cane which actually pushes up the freight charges unduly high, is without any justification. The Committee have already stated that there is no justification for levying a separate terminal charge. Moreover, the terminal charge is levied in lieu of certain services rendered by railways as detailed above. But in the case of sugarcane, which is booked in bulk and in open wagons without weighment, labelling, packing, storage and covered accommodation etc., no such special service or assistance is rendered or extended by the railways. Further, sugar factories have their own sidings over which they have disbursed the capitalised value and have been paying rent or siding charges as the case may be. In these cases, wagons arriving at the terminal station are moved to the factory siding without the railways having to provide any such service as unloading, taking care of goods or storing them in covered space, etc. as are normally required for general merchandise. The loading is also arranged

by the factories themselves at the loading stations.

Further, the levy of a terminal charge at the above rate would appear to be disproportionately high in view of the fact that the average total freight on rail-borne cane amounts to only Re. 0-2-9 as also the price of sugarcane is only Rs. 1-7-0 per maund. The present practice of realising terminal charges at a uniform rate regardless of the freight involved or the value of the commodity works to the serious disadvantage of a commodity like sugarcane and the millions of cane growers involved. The Statement (B) would show that upto a distance of 33 miles the freight is actually lower than the terminal charge. Between 34 and 37 miles, the terminal charge is same as the freight. It is only for distances beyond 37 miles that the freight is higher than the terminal charge. The Committee are, therefore, strongly of the opinion that the terminal charge of 0-1-0 per maund of cane introduced for the first time in July 1953, which has actually pushed up the incidence of freight charges disproportionately, is without any justification and should be discontinued in the interest of increased production and the millions of growers.

Besides the freight charges, other direct expenses on rail borne cane include driage, loading, unloading and demurrage. The total expenses amount to about 0-4-0 per maund of cane. The respective details are as follows:—

	Rs. a. p.
Railway freight	... 0 2 9
Driage	... 0 0 7
Loading and unloading charges	... 0 0 8
Demurrage	... 0 0 1
Total	... 0 4 1 or 0 4 0

The cane grower is expected to bear these expenses, as the cane price of Rs. 1-7-0 fixed by the Government is intended for cane delivered at the factory gate. However, the Government have allowed a deduction of 0-2-0 per maund from the cane price in respect of rail borne cane to cover the above expenses and the rate of deductions has not been raised despite the increase in the freight with effect from July, 1953, as it was considered impracticable. But this has not helped the growers. For, due to increased freight charges without a corresponding increase in the rate of deduction the mills find crushing of rail borne cane very uneconomical. As a result, factories are being compelled to restrict supplies of rail borne cane and confine their crushing as far as possible to gate cane. Between 1950-51 and 1954-55, the percentage of rail borne cane in the U.P., the largest sugar producing State, has gone down from 38 to 22 per cent, while in Bihar, percentage declined from 40 in 1950-51 to 30 in 1953-54. It is feared that unless the freight charges are reduced, the present tendency to reduce the crushing of rail borne cane would continue to the serious disadvantage of the growers. It is common knowledge that in the last season while factories were paying the fixed minimum price of Rs. 1-7-0 per maund, the grower received only 0-12-0 per maund by converting his cane into gur and khandsari, the other two

alternatives open to them. The Committee need hardly emphasise that the interests of the growers should be given more sympathetic and realistic consideration than they have hitherto received at the hands of the Railway Board.

In addition, supplies of rail borne cane play an important part in determining the quantum of production. Now when the industry is required to maximise its production to meet the growing demand for sugar in the country, it is necessary that freight charges on cane are appropriately reduced so as to help the industry in the realisation of the Government's objective. In this connection, Railways should consider the question of quoting station-to-station rates also when an assured traffic is offered.

Besides sugarcane, there are other stores like coal, lime and limestone, sulphur, iron and steel materials etc. used by sugar factories. Increased freight charges on these have tended to push up the cost of production of sugar in common with other industries who use these materials. A downward adjustment of freight on these is desirable to help increased production and lower prices.

#### *Additional siding charges.*

The Committee wish to point out that in recent years the siding charges have gone up considerably.

The working of the Assisted Railway Sidings provided at the various sugar factories by the N.E. Railway where a large number of sugar factories are situated, were being governed till 1st April, 1955, in accordance with the terms and conditions contained in an agreement entered into between the factories and the Railway authorities. According to this, the sugar factories were required to give a fixed annual contribution payable in two half-yearly instalments one on 1st April, and the other on 1st October. This contribution was being made by the mills towards the cost of maintenance of the permanent way, as also for freight on traffic over the siding. One of the clauses in the agreement empowered the railway to increase the siding charges at any time, if it was considered insufficient to meet the cost of maintenance of the siding, after giving six months' notice to the factories concerned.

However, since the last quarter of 1954, the sugar factories have been given notices, by the railway about modifications in the terms of the assisted siding agreement, with effect from 1st April, 1955, with a view to increasing the siding charges. These modifications, apart from providing for an increase in the fixed contribution referred to above, also provided for the levy of a separate charges at the rate of Re. 1/- per wagon, on every wagon hauled over the siding, loaded or empty, moving in both directions, subject to a minimum charge of

Rs. 8 per shunt. It would thus be noted that while the assisted siding agreement only provided for a fixed contribution, the Railway have now not only increased the above contribution but have also levied a recurring charge calculated on movement of each and every wagon over the assisted siding, subject to a minimum charge of Rs. 8 per shunt. It need hardly be stated here that the railways are realising considerable revenue by way of freight charges on cane and sugar which themselves, as already pointed out, have considerably gone up. Further, the levy of a separate shunting charge would result in the factories having to pay several thousands of rupees per year, as they receive a large number of cane wagons during the season time, apart from the wagons for movement of sugar and other stores as against a few hundred rupees which they are previously required to pay for the maintenance of the siding by the railway.

So far as the Northern Railway is concerned, it appears that no uniform policy is being followed by them in the case of all the factories. In response to a representation made by the Committee against the levy of additional siding charges, the Railway Board informed in September, 1954, that the above railway have been levying siding charges on the separate distance over the siding in addition to freight rates to and from the stations serving it. As the only exception was with respect to sugarcane traffic, action was taken to set the matters right with effect from 1st July, 1953. But the Committee, however, understand that the actual intimation about the levy of separate siding charges was received by certain mills only in February, 1954, and the rate then worked out to 0.54 pie per maund of cane, while again, they were informed in March, 1954 that the siding charges on sugarcane wagons would be levied at the rate of one pie per maund. A number of other mills have now received notice from the N. Railway regarding the revision of the terms of their assisted siding agreement so as to provide for payment of charges with effect from 1st April 1956, based on the operation of every wagon, loaded or empty placed at or removed from the point of interchange. These charges vary with individual mills. In case of utilisation of shunting engine, the factories are required to pay engine charges besides siding charges, at the rate of Rs. 21 per shunting engine hour.

The Committee feel that there is no justification for levying separate shunting charge and the siding charges should also conform to the actual expenses incurred by Railways.

Although the Committee have generally discussed all the issues raised in the Questionnaire with particular reference to the sugar industry, they would still like to answer some of the questions which are not fully covered by the above Memorandum.

## Statement 'A'.

STATEMENT SHOWING ACTUAL RAILWAY FREIGHT ON SUGARCANE  
PAID BY THE FACTORIES

Serial No.	Name of factory	Total quantity of rail cane crushed during the season 1951-52	Total amount paid as railway freight	Remarks
1	2	3	4	5
<i>Bihar</i>				
		Mds.	Rs.	
1	Bihta	... 8,66,386	1,67,311	
2	Samastipur	... 13,29,523	1,42,434	
3	Righa	... 8,56,033	92,629	
4	Barachakia	... 4,83,417	56,530	
5	Hassanpur	... 16,07,261	1,74,722	
6	Sakri	... 4,34,732	46,947	
7	Pachrukhi	... 7,47,154	83,238	
8	Lohat	... 16,33,941	1,78,429	
9	Sasamusa	... 2,53,035	22,888	
10	Motipur	... 8,16,233	99,885	
11	Motihari	... 2,71,242	28,380	
12	Sitalpore	... 7,52,725	92,361	
13	Chanpatia	... 2,79,044	27,739	
<i>Uttar Pradesh</i>				
1	Ramkola (M.K.)	... 49,233	4,234	
2	Seorahi	... 1,00,401	10,808	
3	Nawabganj	... 14,75,649	1,60,250	
4	Shahganj	... 8,16,382	91,581	
5	Barabanki	... 3,30,879	31,631	
6	Tulsipur	... 10,55,757	1,24,944	
7	Hardoi	... 25,78,852	2,61,561	
8	Pilibhit	... 34,73,343	3,91,022	
9	Amroha	... 29,47,675	2,71,800	
10	Baheri	... 9,89,461	1,09,264	
11	Baza	... 42,01,178	4,03,598	
12	Buland			
13	Kashipur	... 12,58,459	1,61,096	
14	Golagokarannath	... 52,50,058	4,89,437	
15	Rosa	... 8,44,860	85,428	
16	Anandnagar	... 7,52,397	76,001	
17	Maholi	... 16,76,093	1,51,122	
18	Modinagar	... 8,19,166	81,348	
19	Khalilabad	... 5,22,128	77,852	
20	Simbhaoli	... 5,01,405	54,779	
21	Mohiuddinpur	... 93,613	24,624	
22	Deoria	... 3,80,835	45,782	
23	Sardarnagar	... 5,70,548	58,990	
24	Raja-Ka-Sahaspur	... 22,37,278	2,22,842	
Total		... 4,33,56,336	46,03,487	

Average 0 1 9

**STATEMENT 'B'**  
**NORTHERN RAILWAY**

Freight for 4 wheeled broad gauge wagon with floor area of 213 sq. ft. and above, for which loadable capacity has been taken by the railway to be 560 Mds. of cane.

Miles	Freight before 1st July '53 for 21 tons wagons at 1/12/- per ton minimum for 50 miles having above capacity.	Revised freight from 1st July, 1953		Total freight per wagon	Increase in freight per wagon	% increase over previous freight	Increase in freight per Md. of cane at 560 Mds. loadable weight
		Freight	Terminal charges at -/1/- per Md. for 560 Mds.				
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Up to 20	37	21	35	56	19	51.35	0 0 6.5
21 to 24	37	24	35	59	22	59.46	0 0 7.5
25 to 27	37	27	35	62	25	67.56	0 0 8.6
28 to 29	37	30	35	65	28	75.67	0 0 9.6
30 to 33	37	33	35	68	31	83.78	0 0 10.6
34 to 37	37	35	35	70	33	89.19	0 0 11.3
38 to 39	37	38	35	73	36	97.30	0 1 0.3
40 to 42	37	41	35	76	39	105.41	0 1 1.3
43 to 46	37	44	35	79	42	113.52	0 1 2.4
47 to 48	37	47	35	82	45	121.62	0 1 3.4
49 to 50	37	50	35	85	48	129.73	0 1 4.4



**STATEMENT 'C'**  
**NORTHERN RAILWAY**

Miles	Present freight for 21 tons wagon at Rs. 1—12—0 per ton minimum for 50 miles having above capacity. Rs.	Revised freight from 1st May, 1953. Rs.	Increase percent over existing freight %	Percent of cane drawn by rail. %
Up to 20	37	56	51.4	61.9
21	37	59	61.1	14.9
22	37	59		
23	37	59		
24	37	59		
25	37	62		
26	37	62	74.1	8.6
27	37	62		
28	37	65		
29	37	65		
30	37	68		
31	37	68	85.9	5.6
32	37	68		
33	37	68		
34	37	70		
35	37	70		
36	37	70	97.3	3.1
37	37	70		
38	37	73		
39	37	76		
40	37	76		
41	37	76	110.3	2.6
42	37	76		
43	37	79		
44	37	79		
45	37	79		
46	37	79	122.0	3.3
47	37	82		
48	37	82		
49	37	85		
50	37	85		

व्यवस्थापक महानिरीक्षक

Weighted average of the increases % over the existing rate

$$= 51.4 \times 61.9 + 61.1 \times 14.9 + 74.1 \times 8.6 + 85.9 \times 5.6 + 97.3 \times 3.1 + 110.3 \times 2 + 122.0 \times 3.3 \div 100 = 62\%$$

Thus the actual increase in the freight rate on an average is 0—1—1 per md. of cane (the existing freight being on an average 0—1—9 per md. of cane.)

Q: 16-A. No comments.

Q: 17. The economies resulting from movement in train loads are more significantly to the advantage of the Railway Administration than to the users. The demand, therefore, for a reduced train-load rate for such movements, has every justification. The facility of clubbing for train loads should also be introduced, so that two or more smaller traders may club together their wagon load and thereby form a train load. The Committee feel that quotation of 'train load rates' would greatly facilitate movement of bulk stores to the sugar factories.

Q: 18. The idea underlying the suggestion of an additional charge for special express goods services ignores the economies in operation, which would accrue to the Railway Administration by such express services and the greater utilisation of the same wagon capacity by reason of the running time for which the wagons would be kept loaded for the express movements. There are other incidental advantages like

the elimination of the sorting of wagons and marshalling of trains; saving of engine costs and saving of time in hauls *en route* are further factors resulting in advantage to the Railways. The Committee are, therefore, strongly against any additional charge for express goods services. On the other hand, on an experimental basis every Railway should have a regular system of express goods services on nominated days between specified stations of traffic importance. Movement of smalls is a sphere in which there has been lot of difficulty in the recent past. The feasibility of running express goods services for 'smalls' between specific traffic centres should also be examined.

Q: 48. The production target for sugar during the Second Plan period has been fixed at 22.5 lakh tons. The installed capacity of the industry by the end of the Plan period has been assessed at 25 lakh tons.

It might be stated, in this connection, that Government of India have granted licences for the erection of 37 new factories. The

statewise distribution of these factories is as follows :—

Bombay	...	15
Madras	...	6
Pepsu	...	2
Mysore	...	4
Andhra	...	3
Punjab	...	3
Uttar Pradesh	...	1
Assam	...	2
Hyderabad	...	1
Total		37

Apart from the new factories licensed, the

Government have also granted licences for substantial expansion to 39 existing factories. These are mainly from U.P. and Bihar.

Q: 49 & 50. With the increased production now planned the volume of traffic both in respect of finished product, i. e., sugar and the raw material, sugarcane, should increase considerably. The Committee, however, do not expect any change so far as the lengths of movement are concerned. For, factories in U. P. and Bihar are expected to contribute a considerable portion of increase in production and this would be primarily for long distance markets. Already these states account for more than 70 per cent of the country's production most of which is marketed in outside states and long distance markets.

## PART I-B.

### ANNEXURE—V.

Q: 1. For a production of 16 lakh tons of sugar, the following principal raw materials will be required.

#### Raw materials.

1. Cane	...	...
2. Coal	...	...
3. Lime	...	...
4. Sulphur	...	...
5. Firewood	...	...
6. Lubricating oil	...	...
7. Caustic Soda	...	...

#### Requirements. (Tons)

160,00,000	at 10 tons per ton of sugar.
30,000	at 0.019 ton per ton of sugar.
30,000	at 0.019 " " "
9,600	at 0.006 " " "
1,28,000	at 0.08 " " "
16,000	at 0.01 " " "
3,200	at 0.002 " " "

Q: 2. Figures of sugar production direct from cane during the seasons mentioned in the question are as follows:—

#### Season

1938—39	...	...
1952—53	...	...
1953—54	...	...
1954—55	...	...

#### Production in tons.

...	6,42,200
...	13,14,488
...	10,01,214
...	15,89,732

Q: 3. There has been no material effect on the distance of haul in respect of finished product namely sugar. As regards sugarcane, however, as shown in the Memorandum, there has been a considerable decline in percentage of rail borne cane due to increased freight charges.

Q: 4. The position with regard to sugar would become clear from answer to Q: 8.

As regards sugarcane, the position will become clear from answer to Q: 10.

Q: 5. The position with regard to sugarcane in U.P. which is the main sugar producing State is as follows: By rail 22% By road in transport provided by factories as trucks,

tramway lines, etc. 20%. The balance is carried by growers in their own carts

As regards all other raw materials such as coal, lime & limestone, sulphur, etc., they are carried entirely by rail.

Q: 6. Normally, factories despatch their production only by rail. However, due to irregular supply of wagons, sometimes mills are sending sugar to nearby markets by trucks as well. But the proportion as compared to the total production is very small.

Q: 7. (a) Price of sugarcane and average freight paid.

Year	Cane Price	Freight.
	Rs. a. p.	Rs. a. p.
1954—55	1 7 0	0 2 9
1947—48	2 0 0	0 0 11
1938—39	0 7 0	0 0 5.5

## (b) Sugar price.

Year		Ex. factory	Consuming centres.
		Rs. a. p.	Rs. a. p.
1954—55	...	28 8 0	31 8 0
1947—48	...	35 7 0	37 8 0
1938—39	...	10 4 0	11 8 0

Q: 8.

Distance.			1952—53.
			Per cent
1 to 50 miles	...	...	6.5
51 to 100 miles	...	...	3.7
101 to 200 miles	...	...	8.4
201 to 300 miles	...	...	10.4
301 to 400 miles	...	...	18.8
401 to 500 miles	...	...	9.1
501 to 600 miles	...	...	8.7
601 to 700 miles	...	...	6.3
701 to 800 miles	...	...	7.3
801 to 900 miles	...	...	7.8
901 to 1000 miles	...	...	2.8
1001 to 1200 miles	...	...	8.3
1201 to 1500 miles	...	...	0.6
Beyond 1500 miles	...	...	1.3

Q: 10. Statements giving the required information are enclosed.

No. III. Statement showing the cost per md. of transport of sugarcane brought by rail in the seasons 1938—39 and 1954—55 including drriage, loading, unloading, etc.

No. I. Statement showing the percent of sugarcane received by the mills by *rail* for varying distances.

Miles	1938—39	1954—55
	(%)	(%)
1 to 5	4.7	3.8
6 to 10	19.7	23.9
11 to 15	19.9	26.4
16 to 20	13.3	11.7
21 to 25	13.0	15.3
26 to 30	11.7	5.6
31 to 35	5.5	3.0
36 to 40	1.5	2.6
41 to 45	2.5	3.0
46 to 50	2.2	1.9
Above 50	6.0	2.8

Miles	1938—39	1954—55	
	Total	Total	
	Rs. a. p.	Rs. a. p.	
1 to 5	0 0 8	0 3 6	Minimum rate applies upto a distance of 20 miles.
6 to 10	0 0 8	0 3 6	
11 to 15	0 0 9	0 3 6	
16 to 20	0 0 10	0 3 6	
21 to 25	0 1 0	0 3 9	
26 to 30	0 0 10	0 4 0	
31 to 35	0 0 11	0 4 4	
36 to 40	0 0 10	0 4 6	
41 to 45	0 1 0	0 4 10	
46 to 50	0 1 0	0 5 0	
Above 50	0 1 2	0 5 8	
Average	0 1 0	0 4 1	

No. II. Statement showing the percent of sugarcane received by the mills by *road* for varying distances.

Miles	1938—39	1954—55
	(%)	(%)
1 to 5	8.3	30.6
6 to 10	39.3	43.4
11 to 15	41.3	15.3
16 to 20	11.1	6.8
21 to 25	—	2.9
26 to 30	—	0.4
31 to 35	—	0.5
36 to 40	—	—
41 to 45	—	0.1
46 to 50	—	—
Above 50	—	—

No. IV. Statement showing the cost per md. of transport of sugarcane brought by road for the season 1954—55 including drriage, loading, unloading etc.

Miles	1954—55
	Rs. a. p.
1 to 5	0 1 2
6 to 10	0 2 10
11 to 15	0 3 4
16 to 20	0 4 2
21 to 25	0 4 8
26 to 30	0 6 0
31 to 35	—
36 to 40	—
41 to 45	—
46 to 50	—
Above 50	—
Average	0 2 11

## PART—II.

Q: 1 to 3. Under the existing rating arrangements followed by the railways, the ordinary standard telescopic rates and the wagon loads scales are in respect of goods booked at railway risk while owner's risk rates are available only for certain commodities at slightly lower rates. So far as sugar is concerned, the same is now being booked only at the railway risk rates under class 3 and sugar-cane under class 2 at railway risk rates.

In this connection, the Committee, however, find that under Section 72 of the Indian Railways Act, the liability of the railways in respect of goods booked even at railway risk is not more than that of a bailee. This only means that if the railways could show in such cases that they have taken ordinary care about the goods delivered to them for despatch, they will not be responsible for the loss, destruction or deterioration of such goods. As a result, the traders will not be entitled to any claim wherever the loss of goods is due to such causes as "running train thefts" or "pilferage in transit". The Committee understand that the railway administrations often try to repudiate the claim of the parties on one or the other of the above pleas. In this connection, the Committee, however, feel that the responsibility of the railway administrations for the safe carriage of the goods tendered to them for despatch should be like that of an insurer. It may be pointed out here that in England and several other self-governing countries of the world, the liabilities of the railways are specific as insurers and nothing short of it.

Q: 4. According to the Committee's information, there has been a considerable increase in the number of claims paid by the railways during and after the last war compared to the pre-war period. These claims have arisen mostly due to loss, damage or deterioration etc. to goods in the course of transit, while in the custody of the railways. While during the pre-war period, the amount paid against claims by the railways worked out to only about 0.5% of the gross earning of the railways, in the post war years, the percentage has gone up to 1.0%. The Committee attribute this large increase in the amount of claims filed with the railway, mainly to lack of adequate care and efficiency with which the business of the railways is being conducted.

Q: 5. Although the causes which give rise to compensation claims on the railways are many and varied, majority of these are mainly due to the causes listed in the above question itself. The moisture which enters into the sugar bags due to supply of bad and leaky wagons by the railway and lack of adequate care at the transshipment points were the main causes for damage to sugar consignments. The Committee may state that most of the claims in the case of sugar factories are due to thefts and pilferage in transit, mis-despatch of goods and damage to consignments due to rough shunting and rough handling, leakage of wagons and consequent damage to goods during monsoon, deterioration due to delay in transit etc. The maximum amount of claims in the case of sugar factories has been due to damage to consignments due to rough shunting and rough handling.

Q: 6 to 9. The information desired by Q: 6 is not readily available with the

Committee and the same can be had only from the railways concerned. However, as regards the claims filed with the railway, as already stated, in the first instance, the railways try to repudiate the same on the ground of organised running train theft, pilferage etc. But when a suit is filed by the party concerned, the railways, not being in a position to prove their ground of objection, generally try to settle the claims out of Court. It is, therefore, suggested that the provisions of the Indian Railways Act, 1890 should be suitably amended so as to provide that the legitimate claims of the parties are settled by the Railway without any undue delay.

Further, the railway administrations should also try to improve the efficiency of their watch and ward staff and make more effective use of the Railway Police so as to minimise the loss of goods due to theft, pilferage, etc., while in the custody of the railways. This, as also a number of other suggestions, have also been recommended by the Railway Corruption Enquiry Committee for the prevention of crimes. The Committee suggest that the various railway administrations should try to implement the same. Besides, the railways should also furnish immediately copies of police reports and other messages sent by the railway staff regarding loss of goods, to the consignors also so that they can also make the necessary enquiries of their own. In this connection, the Committee have received reports to the effect that the wagons supplied for sugar movement are often not found to be watertight and are leaky with the result that they could not make use of such wagons. It is, therefore, suggested that the fitness of wagons to carry the particular goods concerned should be improved. Further, adequate goods shed facilities should also be provided by the railways.

Q: 7. No comments.

Q: 8 to 13. At present both the railway risk and owner's risk rates are quoted only in a few cases and this has no justification. Out of about 3,500 commodities included in the general classification of goods, 750 commodities only have been given owner's risk rates. A provision should be included for quotations of owners risk rates also in addition to the existing Railway risk rates, for sugar. There is also wide difference between the two rates which vary from commodity to commodity.

As already explained, the railways responsibility is limited even in respect of goods booked at railway risk. By quoting owner's risk rates at slightly lower rates, the responsibility of the railways will be further reduced. The Committee wish to emphasise that the liability of the railways as carriers of goods should be that of a common carrier. Further the owner's risk rates should be made available for all commodities so as to give option to the trader to resort to private insurance if he thinks fit. Besides, the difference between the railway risk and the owner's risk rates should be appropriately related to the actual risk undertaken by the railways.

Q: 14. No comments.

Q: 15 & 16. While the Committee appreciate the desirability of providing for suitable standards of packing from the point of view of increasing the marketability of goods, they feel that the railways some-

times un-necessarily take a very rigid and impractical view. For instance, member factories have informed that the railway authorities have refused to accept consignments of sugar bags stitched by sewing machines at railway risk. Actually, the practice of using sewing machines is being increasingly followed by the sugar factories throughout the world. It has also been proved that the twine used for this sewing is stronger than the fabric of the bag itself and the complaint that the twine sewn could be pulled out, has since been overcome by knotting the threads. The Committee, therefore, feel that the railway authorities should not object to this modern methods of sewing the bags and allow them to be despatched at railway risk.

The Committee may also point out that the qualifying remark on the railway receipts to the effect that "Goods were liable to damage during monsoon" was not necessary as bags when tendered were fresh and in sound conditions. The above remark creates a feeling of hesitancy on the part of the buyers in entering into deals for the purchase of sugar with the mills.

Q: 17. The Committee understand that want of proper and adequate storage facilities for goods both prior to despatch and after delivery, result in seasonal congestion of traffic at the various stations. This causes considerable inconvenience and difficulty not only to the traders concerned but to the Railway Administrations as well. They, therefore, feel that it is necessary to have proper warehouse facilities for storage of goods prior to despatch as also at the various transshipment points and after delivery. The railway should undertake schemes to provide these facilities in consultation with the Trade Associations.

Q: 18 & 20. As already pointed out, the Committee are of the considered view that the liability of the Railway Administrations should be that of a common carrier under which they should be liable for loss, damage or non-delivery of the goods entrusted to them for carriage and it should not be necessary for the party concerned to prove that the loss or damage etc. had occurred due to negligence on the part of the railway. It may be stated that this is the principle followed in a number of other countries also. It will be appreciated that when the traders entrust their goods to the railways for carriage, the goods are at the mercy of the railways and their staff. It is therefore, only proper that the railways should hold themselves responsible for the safe carriage of the goods. Further, the Railway Corruption Enquiry Committee have also supported the above stand and have recommended that the liability of the railways should be that of an insurer instead of that of a bailee as at present. The Committee also suggest in this connection that in order to avoid undue delay in the delivery of the goods, the contract of carriage should contain a provision to the effect that the delivery of the same will be made within a specified period and the railway should be held responsible for any delay in delivery beyond the prescribed time limit. In this connection, the Committee also feel that the insurance afforded by the railway risk rates should be comprehensive and the railways should ensure against the occurrence of thefts and pilferages. A set of standard

rules giving illustrations should be incorporated in the proposed new provisions of the law so as to define the liability of the railways specifically by statute so that the railways may not be in a position to evade responsibility for the loss of goods on extraneous causes such as organised thefts etc.

The extension of the liability of the railways suggested above, is not likely to result in increasing the claims bill of the railways. The Committee are of the opinion that with strict supervision, mechanised equipment for transshipment, better packing and general improvement in efficiency it should be possible to keep the claims bill to the minimum.

Q: 21. The Committee desire to state that the procedure being followed by the railways at present for the settlement of claims is very satisfactory and is subject to unnecessary correspondence and delays. It is felt that when a Claims Inspector or a Station Master gives a certificate to the effect that certain goods were either damaged or lost in transit, the railway should realise their responsibility and try to settle the claims without any undue delay. The Committee also understand that at smaller stations where the sugar factories are mostly situated, there is considerable difficulty in obtaining certificates from the Claims Inspector. More often the Station Master regrets his inability to certify damaged machinery etc. and in the absence of the Claims Inspector, the factories are compelled to accept the consignment without an open delivery so as to ensure that the machinery is installed at the mills in time during the off-season. As has already been observed by the Committee, the railways mostly try to repudiate the claims in the first instance and only when the parties file suits in a Court of Law, they make attempts to settle such claims. This puts the parties to avoidable inconvenience and financial losses.

To overcome these difficulties, the Committee suggest the adoption of the following measures :—

- (i) Decentralisation of the Claims Department should be affected and the District or Divisional Headquarters of the railways should be empowered to settle claims up to Rs. 500 as against the present practice under which the local Inspectors are allowed to settle claims up to Rs. 50 only.
- (ii) A time limit should be prescribed for the railways for the settlement of claims from the date of receipt of such claims.
- (iii) Claims Advisory Committees should be set up consisting of representatives of industry and trade to be attached to the Claims Office.
- (iv) An Appellate Court on the lines of the Income-tax Appellate Tribunal should be set up to hear appeals in all cases of claims against the railways.
- (v) At present railways repudiate claims in respect of damage to goods caused by wet in the course of transit on the ground that at the time of loading, the wagons were certified to be watertight

by the railway staff. This is unreasonable as the certificate of fitness should mean fitness for the whole journey. The claims in such cases should, therefore, be accepted by the railways.

- (vi) Under section 77 of the Indian Railways Act, a claim has to be preferred by the party within 6 months from the date of booking of the goods and after receipt of a short certificate from the railways concerned. As unreasonable delay occurs in the issue of short certificates by the railways, the parties sometimes find it difficult to prefer their claim within the prescribed time limit. The Committee understand that although the Railway Board have issued instructions to the effect that letters from parties reporting non-receipt of consignments, etc., to the railway may be treated as valid notice, the Law Courts do not admit such letters in place of short certificates. It is, therefore, suggested that Section 77 should be suitably amended by incorporating the above instructions of the Railway Board.

Apart from the above suggestions, an all out effort should also be made by the railways to improve the efficiency of their Claims Offices and delay occurring at every stage should be reduced to the minimum.

### PART III

Q: 1, 2, 3, 11 & 12. As regards the jurisdiction of the Railway Rates Tribunal, the Committee find that under the Indian Railways Act, 1890, the Tribunal has no power to consider the unreasonableness of the standardised terminal charges. Prior to 1948, each Railway Administration could charge reasonable terminals on the basis of the actual charge incurred by them for providing the terminal facilities. But after 1948, the terminal charges have been standardised and have been made applicable uniformly to all the railways. The Committee are of the considered view that the standardised terminal charges should also come within the jurisdiction of the Tribunal specially when the standard telescopic class rates which are also standardised charges come, within its jurisdiction. Although the terminal and other charges generally form a small proportion of the total

freight charges, in the case of transport of bulky raw materials such as sugarcane, over short distances, these charges form a major portion of the total freight. In such cases, the Tribunal can hardly give any relief as the conveyance charge which is placed within the jurisdiction of the Tribunal, forms only a small percentage of the total charges. The Committee, therefore, suggest that the Tribunal should have the power to reduce the terminal and other charges or exempt a commodity from the same, in case it is considered appropriate.

Another restriction on the jurisdiction of the Tribunal is that while it can entertain complaints of unreasonableness of the various charges, it cannot go into the broader question of the reasonableness of the freight structure as a whole. For instance, the Tribunal cannot initiate investigations in regard to the freight rates nor can it recommend revision in the existing rates. The Committee, however, suggest that the jurisdiction of the Tribunal should be expanded so as to cover the cases referred to above. In case the same is not found possible, an entirely new Committee may be constituted with adequate representatives of the trade and industry which can make recommendations regarding revision in freight rates. The Committee also feel that the existence of both the Tribunal and the Advisory Bodies suggested above will not conflict with the ultimate power of control over the Budget by the Parliament.

Q: 4, 5 & 6 The Committee have to state that the rules of procedure followed by the Tribunal are too formal and the same should be simplified. The Tribunal should follow a simple procedure appropriate to deal with commercial matters.

Q: 7 No comments.

Q: 8, 9 & 10 The Committee suggest that the number of members of the Tribunal should be increased to enable it to hold sittings in other major cities of the country. At present the Tribunal is situated at Madras and the high cost involved in conducting the case there, prevents the aggrieved parties from going to the Tribunal.

Further, the existence of the Tribunal and its activities should be made more public as the same has not hitherto received adequate publicity.

## Indian Tea Association, Calcutta.

### PART I-B

#### ANNEXURE V.

Q: 1. *Raw Materials*: The principal raw material in the case of Tea Industry is the green leaf, which is grown in the Plantation itself. The proportion of green leaf to made tea is about 5: 1.

*Fuel*: 2.2 maunds of coal is required for

steam motive power to produce one maund of tea.

15 cubic feet of wood is equal to one maund of coal.

*Fertilisers*: Half maund of fertilisers is required to produce one maund of tea.



Q: 2.

District	1938—39	1947—48	1952—53	1953—54	1954—55
Assam	... 256,886,472 *	336,959,983 *	335,742,325	325,590,808	343,646,732
Bengal	... 109,282,923 *	159,576,493 *	158,508,503	161,624,385	161,983,352
Bihar	... 290,565	2,228,325	2,191,248	2,387,471	2,242,501
U. P.	... 2,862,059	1,605,345	1,725,782	1,576,354	5,680,936
Cooch Behar	...	...	139,242	109,921	
Tripura	... 3,186,851	3,597,042	3,284,113	3,799,936	
Nepal	... 49,850	54,625	...	...	
Total N. India	... 371,558,720	504,111,813	501,591,213	495,089,875	513,563,521

\* Includes the production of areas that are now in Pakistan.

Source : (1) Administration Report, Indian Tea Licensing Committee.

(2) I. T. A. Crop Estimate.

Q: 6.

ARRIVALS IN THE PORT OF CALCUTTA,  
(In Chests.)

Season	By rail	By River	By Air	Total
1938—39	700,036	1,838,990	Nil	2,539,026
1948—49	1,625,101	2,935,232	Nil	4,560,333
1949—50	1,823,866	2,605,553	47,694	4,477,113
1950—51	912,589	3,737,051	249,506	4,899,146
1951—52	737,313	3,602,511	227,896	4,567,720
1952—53	923,993	3,313,865	128,622	4,366,480
1953—54	971,108	3,315,480	90,669	4,377,257
1954—55	867,789	3,461,211	179,832	4,508,832

Source: J. Thomas &amp; Co. Ltd.

## AVERAGE PRICE PER POUND OF TEA REALISED IN CALCUTTA AUCTIONS

613

LEAF & BROKENS									
District	Export			Internal Consumption					
	1938-39	1947-48	1954-55	1938-39	1947-48	1954-55	1938-39	1947-48	1954-55
Assam Valley	...	Rs. as. p.	Rs. as. p.	Rs. as. p.	Rs. as. p.	Rs. as. p.	Rs. as. p.	Rs. as. p.	Rs. as. p.
Cachar	0 10 0	1 10 5	3 2 11	0 4 1	1 4 2	2 4 9	0 3 11	1 0 3	2 0 5
Sylhet	0 8 10	1 4 0	2 12 10	0 3 7	1 0 5	2 4 11	0 3 11	1 0 3	2 0 5
Darjeeling	0 8 9	1 3 10	3 8 4	0 5 4	1 3 6	2 4 11	0 3 7	1 0 5	2 0 5
Dooars	0 12 9	1 12 5	3 8 4	0 5 4	1 3 6	2 4 11	0 5 4	1 3 6	2 4 11
Terai	0 9 2	1 5 10	2 15 4	0 4 0	1 1 5	2 2 3	0 4 0	1 1 5	2 2 3
Tripura	0 8 9	1 5 2	3 3 5	0 3 9	1 0 8	2 2 0	0 3 9	1 0 8	2 2 0
All other Places	0 8 4	1 1 1	2 15 10	0 3 3	0 15 3	2 0 5	0 3 3	0 15 3	2 0 5
Total	0 8 3	0 14 3	—	0 3 5	1 2 3	—	0 3 5	1 2 3	—
	0 9 7	1 9 1	3 1 6	0 4 0	1 2 8	2 3 7	0 4 0	1 2 8	2 3 7
DUST									
District	Export			Internal Consumption					
	1938-39	1947-48	1954-55	1938-39	1947-48	1954-55	1938-39	1947-48	1954-55
Assam Valley	...	Rs. as. p.	Rs. as. p.	Rs. as. p.	Rs. as. p.	Rs. as. p.	Rs. as. p.	Rs. as. p.	Rs. as. p.
Cachar	—	—	—	—	—	—	—	—	—
Sylhet	—	—	—	—	—	—	—	—	—
Darjeeling	—	—	—	—	—	—	—	—	—
Dooars	—	—	—	—	—	—	—	—	—
Terai	—	—	—	—	—	—	—	—	—
Tripura	—	—	—	—	—	—	—	—	—
All other Places	—	—	—	—	—	—	—	—	—
Total	—	1 8 1	3 1 9	0 4 4	1 4 7	2 6 2	0 4 4	1 4 7	2 6 2

Source: Messrs. J. Thomas &amp; Co., Ltd.

## PART I—B.

## ANNEXURE V.

Statistical answers to the following questions are attached :—

1. The weight of principal raw materials for made tea.
2. The total production of tea during the seasons 1938—39, 1947—48, 1952—53, 1953—54, 1954—55.
6. The proportion of despatch of tea chests from gardens in North East India to Calcutta by air, river and rail.

- 7(b). The average prices for tea according to the different districts of origin at the Calcutta Auctions for several seasons.

Further, as required in your letter No. RFSEC/T of the 9th November 1955 to the Association, I reproduce below a "statement comparing Calcutta Export Auction prices (1) and Cost of Production (2) by districts for selected years".

(In annas per lb.)

District	Average 1936—38		1947		1952		1953		1954	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
Assam										
Valley	10.75	7.88	26.42	14.83	25.25	24.86	32.75	25.25	50.92	27.36
Cachar	9.67	6.80	20.00	16.02	14.75	27.41	29.50	20.81	44.83	27.46
Darjeeling	12.83	9.64	28.42	21.57	29.08	36.18	38.42	32.80	56.33	34.43
Dooars	10.00	6.12	21.83	13.33	18.58	24.69	30.08	20.92	47.33	25.73
Terai	9.67	6.57	21.17	12.99	18.33	21.85	30.92	21.36	51.42	31.71

		Assam Valley	Cachar	Darjeeling	Dooars	Terai
1955 {	(1)*	39.92	29.82	42.75	31.50	31.08
	(2)	27.68	26.30	38.24	27.68	28.76

\* Up to sale No. 29 dated the 3rd January 1956.

Source: (1) J. Thomas & Co. Ltd.  
(2) M. O. F. Gardens.

2. Arising out of the figures for cost of production and auction prices given in the table above, the Association would bring to the notice of the Committee certain general considerations affecting the movement of tea. In despatching tea from the garden, producers pay not only the transport charges but also a large number of incidental costs which must be added on to the cost of production of the tea. These charges include a large number of intermediate charges which are imposed on the tea before it reaches the auctions in Calcutta or London, such as levies under the Assam Carriage of Goods Act, the West Bengal Taxes on Entry of Goods into Local Areas, transit dues, warehousing charges export duties, etc. It will therefore be apparent that the margin between the cost of production at the garden and the auction price in Calcutta is not so great as would appear from the figures.

3. Moreover, the freight charges paid by the tea producer to the Railways do not fully cover his expenditure for rail transport. It is necessary to take into account other charges which are incurred by reason of sending teas by rail, e.g., :

- (i) There is a considerable amount of damage to tea chests and teas by water-stain etc. and a statement showing its extent is enclosed,

- (ii) An additional item of the Railway expense is loss by pilferage and "running train" thefts; this additional charge affects not only despatches of finished tea but also stores sent up to tea gardens by rail.

- (iii) Delays in transit by rail due to delayed registration of wagon requirements, also increase the charges for tea, especially in the rainy season when they may be held up in the garden siding or en route. The capital of the tea company will therefore be frozen in the form of stocks awaiting realisation at the auction and cannot be devoted to other lines of business.

4. The tea industry, unlike some other industries provides a return traffic, that is, its manufactured teas may come down by the railway wagons in which tea garden stores travel to the estates. In considering the charges for rail movement of teas, the fact that it is a 'return traffic' and not merely a 'one-way traffic' should not be neglected.

5. In considering the freight structure for tea and the statistics given above in particular, it should be borne in mind that tea is an auctionable commodity which sells in

accordance with its quality and with international market conditions. The Association hopes that it will be clear from these explanatory notes that the final price which the tea producer obtains for his commodity at the auctions, covers a large number of

factors in addition to cost of production at the garden and that, among these charges, the transport cost must necessarily include a large number of supplementary items apart from the freight rate itself.

RECORD OF TEA CHESTS WATER STAINED AND DAMAGED EACH WEEK  
IN 1951-52, 1952-53 AND 1953-54

Week ending 7-4-51 to 28-3-52

Route	Total Arrivals Pkgs.	Water Stained Pkgs.	Percent	Water Damaged Pkgs.	Percent	Water Damaged lbs.
Railborne	541,786	59,304	10.95	12,905	2.38	150,153
Riverborne	2,280,106	57,527	2.52	7,383	0.32	124,555
Airborne	204,079	18,980	9.30	1,826	0.89	19,157
<b>TOTAL</b>	<b>3,025,971</b>	<b>135,811</b>	<b>4.49</b>	<b>22,114</b>	<b>0.73</b>	<b>293,865</b>

Week ending 5-4-52 to 28-3-53

Railborne	678,224	101,628	14.98	22,392	3.30	291,920
Riverborne	2,062,743	68,950	3.34	6,690	0.32	107,206
Airborne	124,106	10,241	8.25	1,031	0.83	12,364
<b>TOTAL</b>	<b>2,865,073</b>	<b>180,819</b>	<b>6.31</b>	<b>30,113</b>	<b>1.05</b>	<b>411,490</b>

Week ending 4-4-53 to 27-3-54

Railborne	659,503	110,025	16.68	19,864	3.01	269,937
Riverborne	1,852,330	38,049	2.05	3,335	0.29	131,212
Airborne	90,823	9,500	10.46	767	0.84	11,308
<b>TOTAL</b>	<b>2,602,656</b>	<b>157,574</b>	<b>6.05</b>	<b>25,966</b>	<b>1.00</b>	<b>412,457</b>

नमो भगवते वासुदेवाय

The Indian Tea Planters' Association,  
Calcutta.

GENERAL.

I am directed to append here below the views of this Association, which, I hope, will receive due consideration of your committee before framing the revised railway freight rates etc:

1. As you are aware perhaps, the main problem confronting the tea industry in North East India is paucity of wagons and wagon space by the All-India rail route for transport between Calcutta and North East India. Since 1950, we have been pressing for supplementing the rail capacity of the Assam Rail Link by a Chord Rail, mention of which, I am glad to say, has been made by the States Reorganisation Commission in their Report on the problem of administration of North Bengal.

2. Within the limited capacity of the existing rail link, there is no flexibility of "Smalls" booking either way from the Port (Calcutta)

to the tea estates or *vice-versa* a little flexibility in this respect will surely ease up the problem to some extent.

3. Restriction on booking of goods and parcels as well are imposed frequently, which is aggravating the difficulties of the tea industry.

4. So far as the freight rate is concerned, the tea industry is facing the main problem in the matter of the rates charged on rail-cum-river or rail-cum-river-cum-rail route, which the tea industry has to use perforce in view of the meagre capacity of the Rail Link. Besides, though rail-cum-river-cum-rail booking is sponsored by the Indian Railways, the advantage of long distant rates is not allowed, and consequently higher rates are always charged. Movement of coal by rail-cum-river-cum-rail route may be mentio-

ned in particular. As you know, there is telescopic rate for long distant haulage of coal, but this is not applicable to tea estates, since the steamer portion is not considered as a railway transport. Having regard to the fact that the Railways have failed to arrange for the required facilities for this important foreign exchange earning industry

and also for other industries in North East India, in fairness to trade and commerce, the Railways should introduce the telescopic rates for the entire length of the route between Calcutta and North East India whether such route consists of railway transport only or of rail-cum-river transport.

## Indian Union Minerals Association, Calcutta.

### GENERAL

The Government of India is aware that the export of bulk minerals such as iron ore and manganese ore is of great importance to the economy of the country, from various points of view :—

- (a) In earning foreign exchange.
- (b) In giving regular employment to workers in the mines, docks, railway workers etc.
- (c) In providing steady medium distance traffic for bulk movement.

Unfortunately, buyers of these minerals abroad contract on the basis of world prevailing prices and at times when slump conditions prevail both as regards price and quantity required overseas, the fact of being unable to supply at a profit at world ruling prices results in considerable hardship to the trade.

On such occasions mines are closed down, workers laid off and the railways lose traffic.

While the industry is attempting to do everything possible to reduce costs, it is clear that the bulk of the items which make up the F.O.B. price are items such as railway freight, port charges, stevedorage, etc. over which the industry has no control. Railway freight however is the largest single item and for iron ore at any rate, comes to no less than between 40/50% of the total export price. The competitive power of the Indian mineral industry is therefore severely limited as there is little margin in slump conditions to absorb the vacillations of world trade prices.

It is thus felt that in order to ensure the existence of a measure of continuity in this trade, the railway freight could with advantage be considerably reduced as it will mean that with some regularity in the mineral trade, a healthy industry will develop. In succeeding years as an increase in railway transport becomes possible, big markets for Indian iron ore and manganese of which enormous reserves exist, can be built up. There is no need to enlarge on the considerable beneficial effects which this increased trade will have on the foreign exchange position of the country.

In this context we think it is opposite to draw attention to the glaring disparity which exists between the railway freight rate on

manganese/iron ore, and coal. As far as the mines at Bara Jamda are concerned, the position is as follows :

Freight on Iron/manganese Ore from Bara Jamda to Calcutta Docks distance 271 miles.	Rs. 16-0-10 per ton.
Freight on Coal over a distance of 271 miles.	Rs. 10-11-0 per ton.

Both these items are moved in bulk and we feel that there is no reason why the freight rate for iron and manganese ore should not be brought down to the same level as coal particularly as the export of these commodities provide the same kind of regular medium distance traffic for the Railways.

*Manganese Dioxide.* A further vexed question is the disparity in railway freights existing between the freight rate for manganese ore and manganese dioxide. This difference is particularly difficult to understand as manganese dioxide is only a purer form of manganese ore and it is felt that this difference in rates is discriminatory and unnecessary. Moreover the difference between manganese ore and manganese dioxide in the Jamda area of Orissa is purely academic as nearly all the ore in this valley is in a dioxide form.

No clear definition has been laid down to differentiate between the grades and while many mine-owners could and probably do raise manganese dioxide only one is believed to despatch it as such and pay the additional freight.

No distinction also is made between high grade manganese dioxide ore and manganese dioxide powder exported for use by the European glass trade as a decolouriser. The latter is made, at high cost, from dioxide powder and smalls which cannot be used for any other purpose and after preparation, bagging etc., the margin of profit is small. This specialised industry is penalised by the present differentiation of freight rates.

#### PART I-A.

Apart from the above general notes the Committee have also directed specific enquiries some of which are applicable to minerals as a whole. In so far as these questions refer to the freight rates, etc., applicable to minerals consumed in this

country these concern mainly the iron and steel industry and they are best fitted to answer these particular enquiries.

The questions which particularly concern the export trade are given below.

Q: 17. It is obvious that in this case the possibility of bulk movement of ores for export will be of enormous advantage to the Railway Administration to the extent that whole train-loads will be moved from station-to-station. The turn round of wagons will be considerably increased and this will in itself fully compensate the Railway for their lower earnings resulting from a reduced freight rate. In addition the other advantage will be the handling and movement of big tonnages without necessarily any increase of administrative effort.

Q: 30 to 41. As far as the movement of bulk commodities such as iron and manganese are concerned, it seems clear that as these emanate to a very large extent from certain well developed and known areas, there is no particular advantage to be obtained by the Railway Administration in basing freights on these items in any way other than the present procedure. The most important points as they affect us are:

- (a) that the freight should be reasonably low,
- (b) that this should not be subject to upward revision from time to time without

ascertaining the ability of the traffic to pay, and

- (c) that as iron and manganese ores are bulk commodities similar to coal, the freight structure should be identical as was previously the case for iron and coal.

It is well known that when, after the first World War the export of coal suffered a serious decline, Government decided that unless a considerable concession in Railway freight was permitted, it would not be possible for the Industry to recapture and thereafter to maintain its lost markets.

With this in mind, the Railway Administration decided, and for some 25 years continued, to grant a freight rebate of 30% on all shipment of coal. This, in addition to the fact that coal was already being transported at preferential rates, acted as a great fillip to the industry's maribund export trade.

It is submitted that the export of iron and manganese ores today have at least as important a part to play in the country's economy and it is urged, therefore, that the freight rates on these commodities should without delay be brought to the same level as the rate obtaining for the movement of coal.

  
**Messrs. Macneill & Barry Ltd.,**  
*(Managing Agents: Joint Steamer Companies),*  
**Calcutta.**

## GENERAL

Our representatives had the pleasure of an interview with Dr. A. Ramaswamy Mudaliar, M.P., Chairman of your Committee on the 12th instant when they outlined to him our interest in the above enquiry and, at his request, we now place the information we gave to him before you in writing.

(i) Our river services for the transport of goods in North East India connecting Calcutta, Bengal, Assam, Cachar, Tripura State, Bihar and part of the Uttar Pradesh have a total route mileage of approximately 3,500 miles. We have in addition, through booking arrangements with the India Government Railways *via* the several rail/river junctions thereby rendering accessible to river transport a very large area of North East India. Our principal traffic is between Calcutta and Assam.

In 1955, we carried from Calcutta to Assam and other States 1,33,71,588 mds. of traffic and brought into Calcutta 1,16,20,000 mds. apart from transporting considerable quantities of cross and intermediate station traffic.

The Joint Steamer Companies are an integral part of the transport system in North East India working in close co-operation with the Railways and, in consequence, since both systems serve the same areas, we are vitally concerned should a revision of the Rating Structure of the Railways be recommended by your Committee.

(ii) On a more detailed note we also advised the following:—

(a) We have submitted to Government a plan for the development of I. W. T. facilities which has been accepted with certain modifications for inclusion in the Second Five Year Plan. (A copy of our I. W. T. Development Plan was left with your Chairman).

(b) As you may be aware, our Rating Structure has recently been the subject of an enquiry by a Government appointed Committee, the Lokur Committee of Enquiry. We understand that this Committee's report has already been submitted to Government and a



copy may be helpful to you in appreciating our rating position and problems vis-a-vis those of Government Railways.

- (c) One of the reasons for the above enquiry was the allegation that our rates were too high by comparison with rates by rail although at that time our Class Rates Structure was generally staged at 7½% below the Railway basis of charge. In this context, we advised your Chairman that as the North Eastern Railway operated in 1954/1955 at a loss of approximately Rs. 9 crores we were, in effect, competing against a subsidised Railway which not only made it virtually impossible for us to operate economically but left no margin for fleet rehabilitation or expansion. In our opinion, therefore, and as a broad statement of fact, we consider the present level of Railway rates in North East India to be too low to permit of sound economical working.
- (d) We drew attention to a press article dated New Delhi the 9th instant, a copy of which we attach, in which reference is made to a proposed cut by Planning Commission in the Railway allotment under Second Five Year Plan. This cut is estimated to leave approximately 19 million tons

of traffic unprovided for in respect of transport in the last year of the plan. We endeavoured to show that we could be of great assistance in meeting this transport deficiency through co-operation and co-ordination with the Railway.

- (e) Your Chairman appreciated the part which we are playing in the transport of goods in North East India and considered that our comments in respect of certain portions of the questionnaire would be helpful to your committee. At his request, we shall be submitting these comments separately to you as soon as possible.

In the above brief outlines we have endeavoured to convey to you the importance of I. W. T. in North East India and also the very important bearing which any revision of the Railway Rating Structure will have upon I. W. T. activities. In these circumstances, and in offering our full co-operation we respectfully request that the interests of I. W. T. be considered in arriving at conclusions in regard to the Railway Rating Structure as it affects North East India. We trust that we shall be consulted in this respect as deemed necessary by the Committee or have the opportunity of expressing an opinion before your Committee's report is finalised.

#### *Overcrowding and Transport Congestion will persist*

*New Delhi, January, 9.* The Railway Ministry has warned the Planning Commission that overcrowding and traffic congestion will persist following the proposed cut in its Second Five Year Plan.

The cut totalling Rs. 355 crores, it is now learnt will significantly affect many important aspects of railway development. The reduced allocations against the amounts asked for are: Rolling stock Rs. 380 crores (Rs. 467 crores); electrification of railways, Rs. 80 crores (Rs. 130 crores); line capacity improvements, Rs. 166 crores (Rs. 195 crores); signalling Rs. 20 crores (Rs. 40 crores) and new lines Rs. 66 crores (Rs. 195 crores).

Private industry, it seems, will be affected most by the proposed attenuation of the Railway Plan. According to an official estimate, the expected increase in goods traffic, labelled as "general goods", will amount to 18 million tons in the last year of the Second Five Year Plan. Only seven million tons of the increase traffic has now been provided for in the reduced Railway plan, leaving the balance of 11 million tons uncovered.

This is probably the most serious likely sequel to the cut as the term 'general goods' includes almost every item which the private industry is likely to manufacture. Industry will also have to compete in the sphere of transport with the additional foodgrains pro-

duction, expected to amount to 10 million tons.

Again while catering fully to the coal requirements of the new steel works, the smaller Railway plan now provides for only 6 million tons of coal for other industries leaving about 7 million tons of coal unmoved.

*Cement Transport.* Likewise, a 20% shortfall in the transport of cement whose production is likely to increase by five million tons, is admitted.

Only the transport requirements of finished steel, pig iron and a few other industries will be fully met. The provision of Rs. 1,125 crores will enable the railways to move approximately 42 million additional tons of goods traffic against about 61 million tons expected to be generated in the last year of the Second Five Year Plan. It will only cover a 15% increase in passenger train miles against the estimated increase of 30%.

Supported by these figures, the Railway Board has brought to the notice of the Planning Commission that the problem of congestion in goods traffic will remain unsolved and may possibly become more difficult.

The situation will specially worsen after the start of the new steel-works when a heavy increase in the demand for transport is held inevitable.

#### PART I-A.

Q: 1. (a) From the angle that the Revised Classification of goods has raised no major complaints, it must be accepted that it reasonably met requirements.

(b) We consider that it was a progressive measure from the Trade point of view. From our own point of view, we were adversely affected on through rates

with the Railways in-so-far-as the telescopic rates on the all-rail route applied on an unbroken mileage whereas the mileage was broken in respect of river-cum-rail rating to the same destination making rating by the latter route higher.

(c) Very little effect so far as we are aware.

Q: 2. (a) The question is mainly one for the Trade or the Railways themselves to answer.

(b) We are not in a position to comment.

Q: 3. (i) We consider the present number of class rates (15) adequate. In any general revision, it could be less but not more.

As regards the suitability of the number of W/L Schedule rates in force, we have no comment to offer.

In respect of the relationship between the Class Rate and W/L scales for a particular commodity, little relationship is discernible. The difference between the two, for certain commodities is, in our opinion, unjustifiably great, and indicates either that the W/L scale rate is too low or the classification requires revision. In this connection please see our answer to Q: 39.

The modification we would suggest is that the W/L scale rates be increased or the commodity aligned to a higher schedule.

We would further suggest that a limit be fixed on the permissible reduction of the W/L scales below the class rate.

(ii) (a) We would not say that the distances of the legs of the Class Rate are inappropriate. We would not welcome any shortening of the legs. Dealing with the W/L Scales, it may be feasible to bring about greater standardisation in respect of the distance range of the legs.

(b) We do not regard the present relativity as inappropriate. If any change was contemplated, we should advocate an increase in the level of rating for the first leg.

The effect of the above suggestions would be to increase rates.

Q: 4. The present practice of carrying certain commodities free beyond a distance of 1,500 miles does not appear reasonable and we suggest should be discontinued for the following reasons:-

(i) It could be a basically unsound principle to have any portion of the journey free of charge. It means that somebody else's traffic is subsidising the free carriage or that the seller and buyer are receiving undue preference.

(ii) It is detrimental from the revenue point of view.

(iii) It is contrary to the principle of standard telescopic rates on a continuous mileage basis.

(iv) It is prejudicial to the interests of other forms of transport which are unable to follow suit:-Deep Sea Shipping, Road and Inland Water Transport.

Q: 5. We agree with the principle of these charges.

In regard to the quantum of these charges we would comment.

(i) *Terminal Charge.* It is our experience that the charge falls short of the costs and that the charge should be raised in order to bear greater resemblance to the cost. A full terminal Re. 0-1-0 per maund at each end is not unreasonable.

(ii) *Short Distance Charge.* We consider that the present charge is inadequate and in no way compensates for the costs of such movement. Six pies per maund the present charge when spread over 60 miles is equal to an increase in rate of only .1 pie per maund mile. We suggest that the distance is increased to 125 miles and the rate to Re. 0-1-6 per maund.

(iii) *Transshipment Charge.* This is generally 3 pies per maund. We doubt if it covers the cost. Our own comparable cost is over one anna per maund. We would suggest that costs are examined and the charge amended as necessary.

*Alteration in principle. Short Distance Charge.* Where through booking arrangement exists with other carriers, as in the case of the Joint Steamer Companies, the charge should only be levied once on the combined distance otherwise the shipper will be unduly penalised.

*Transshipment Charges.* On the same principle, we suggest that the double charging of the Transshipment Charge at rail-cum-steamer junctions, where the Steamer Companies do the handling and levy the charge should be discontinued. We would explain that the Railways levy a Transshipment Charge of 3 pies per maund at Dhubri, Amingaon, Pandu, Karimganj and Manihari junctions, in addition to the Steamer Companies Transshipment Charge.

*Ghat Charges.* Although these have not been mentioned in the question we suggest they will be considered

On rail-cum-river traffic, the charge is Re. 0-1-8 per maund. We consider that this rate is unjustifiably high and that it should be reduced to the level of the Ghat Charge applicable in "all-rail" booking.

Q: 6. We would suggest that the present distance unit for charge of one mile be retained. No additional work is involved and its fairness is beyond dispute.

Q: 7. As carriers, we would recommend that the minimum distance for charge be increased either to 30 or 40 miles.

These low freight charges for short distances have the effect of:-

(i) Making the movement wholly unremunerative with the result that the carriage is unattractive and unintentionally or otherwise it tends to be discouraged.

(ii) Preventing alternative means of transport from competing when such alternative transport could be very usefully so employed, especially in times of wagon shortage.

Q: 8. We are not directly concerned. An alternative would be to increase the freight rate to include the cost or a portion of the average cost of the empty haulage.

Q: 9. We have no objection in such circumstances to the grouping of goods as described.

Q: 10. Having regard to the large number of commodities in concern, we consider that, by and large, the present classification cannot be said to be unsatisfactory.

There are, however, certain commodities with which we come into daily contact where the classification, we consider could be reviewed. Several of such instances have been shown in our answer to Q: No. 39. There will undoubtedly be others.

It will be recalled that over the years there has been several adjustments in the numbering of the classes which may have upset the classification of certain commodities.

The last major revision of the numbers of the classes was from 1-10-1948 with a view to absorbing "Special Classes 'A', 'B', 'C' and Interpolated Classes."

It is possible that this change caused a certain amount of distortion—for example, cement, which advanced from Class 2 to class 3. This, in turn, may have given rise to the fact that the present effective (W/L Schedule) rate for cement stands at such a large percentage below the Class Rate.

A full and correct view of the suitability of the present classification could only be as a result of close analytical study. Values and conditions have altered considerably in recent years and it may be worthwhile considering such an examination by a competent authority. Requests for comments will only produce recommendations for down-grading, but only a critical study by the Railways themselves will show the commodities for up-grading.

As regards the number of classes, we consider the present number (15) adequate. It could, in any general revision, be less.

Q: 11. We consider that the basis of charge for 'Smalls' must continue to be the Class Rates otherwise the latter become meaningless.

If by 'rates for wagons' reference is intended to those commodities for which a reduced classification is quoted we would comment:—

(a) To reduce by one class for wagon loads is appropriate as regards the degree of relationship. More than this would tend to indicate the need for a revision of the classification.

(b) The point has been met to an extent by the introduction of a 'Smalls' surcharge probably after the question was drafted.

If Wagon Schedule Rates are intended please see Q: No. 39.

Q: 12. We are not directly concerned but would express the view that the minimum charge should be revised upwards. There may be no need to vary the charge according to classification.

Q: 13. (a) We suggest that the charge could be increased, say to Rs. 2-0-0 as the cost of labour and documentation etc., is out of all proportion to the freight earned.

(b) Since the amount will be small, we consider that a standard minimum for all classes should be retained.

Q: 14. We agree with the proposal. We would suggest that the minimum weight for 'Smalls' by Goods Services, should be raised to 20 seers.

Q: 15. We would not advocate such a proposal for administrative reasons. The difficulty will be in fixing the chargeable class, and the maximum weight.

Q: 16. (i) Yes, if the wagon capacity permits.

(ii) A Surcharge on 'Smalls' has already been introduced. We agree with the principle of the charge.

(iii) We consider that such a suggestion will lose revenue unnecessarily. The point would seem to be taken care of in item (i)

Q: 17. We are not directly concerned. The need for such rating is difficult to see.

Q: 18. We understand that this has already been put into effect.

Q: 19. We have no suggestions in this connection.

Q: 20. No comments.

Q: 21. We agree that the charge for short distance traffic is generally low in relation to the cost and service rendered.

(a) If the charge for short distance traffic is raised, it would give greater opportunity for other forms of transport to compete and this should be welcomed when wagons are in short supply. The definition of 'short distance' is difficult to define as it will depend in each case on the alternative means of carriage available and the nature of the traffic etc. We can only agree with the proposal in principle.

(b) Yes.

(c) Yes, if feasible, but for the purpose stated, zoning may be the better answer.

*Note:* So far as we are concerned in North East India, considerable strain on the Railways could be removed by making more use of I.W.T. by zoning.

Q: 22. Short distance traffic by rail is generally much cheaper than road or I.W.T. but there are naturally exceptions dependent upon the circumstances. Four/Five pies per md. per mile is an average road haulage charge whereas the Railway charge is considerably less. Charges by I.W.T. are greater than by Rail but less than by road, viz:—

*Inclusive rates per md. Class 1 Traffic at 50 miles.*

Road Transport 50x4½ pies per md.

	per mile = Rs. 1-2-9
By Rail	= Rs. 0-4-4
By River	= Rs. 0-5-4

Q: 23. We do not favour the principle of Freight Pools for the following reasons:—

(i) Their justification is open to grave doubt.

(ii) Normally, the low telescopic rates applied to such traffic take care of the need to even up the delivered cost.

- (iii) The principle of one consignee's freight payments, say for a distance of 100 miles, subsidising another's, say at a distance of 1,500 miles is not sound.
- (iv) Where there is a proved need for a uniform delivered cost, we consider that this is best effected by an adjustment of the selling price at the despatching factory rather through the medium of the freight rates as in the case of Petrol, tobacco etc.
- (v) Freight Pools will have a tendency to be based on rail transport which will effectively eliminate the use of other forms of transport.
- (vi) If the Freight Pool system were carried to extreme lengths or to its ultimate conclusion, it could well affect the spread of industry as the incentive to position new factories to enable a saving in distribution costs etc. would be nullified.
- (vii) The Freight Pool system lends itself mainly to commodities controlled by Government. Is an extension of this control desirable? Our experience in respect of Fertilisers which for a short time now have been subject to a freight pool system has shown several disadvantages:
  - (a) It has resulted in a considerable strain on transport and has frequently upset the movement of other commodities.
  - (b) The system has unduly favoured movement by rail when the bulk of the traffic in North East India was formerly carried by I.W.T.
  - (c) It has produced selling prices more favourable to movement by rail placing I.W.T. at a disadvantage.
  - (d) It prevents the stocking of fertilisers by distributors, say in Calcutta for despatch as and when needed, and to the convenience of transport.

Q: 24. The question is one which possibly concerns consumers more than carriers but our views as given in answer to Q: 23 will largely apply in respect of this question.

In addition we would comment:—

- (i) In our view the idea of a Freight Pool for jute, owing to the varying distances from which it is obtained, namely from a few miles to over 1,000 miles together with the various forms of transport employed would make such a scheme impracticable. Obviously there would be little means of controlling the movement of jute from short distances or assessing uniform transport costs.
- (ii) In respect of the longer distance jute, the several forms of transport at varying rates would tend to defeat the operation of a Freight Pool and the likelihood would be that the only jute which would move under pooled arrangements would be that where the freight cost was higher than the average taken into account in the pooled price of the jute.

Q: 25. If pooled freights are introduced it may be that they would only be practicable in respect of Government controlled

commodities in which case, Government would appear to be the most appropriate party to work the freight pool.

Q: 26. There may be certain cases meriting such consideration but, generally speaking, we do not favour such a proposal.

Q: 27. We do not know of any such cases.

Q: 28. The question is addressed to the Railways.

Q: 29. (i & ii) It is difficult to attribute any fluctuation in movement to the new rating principles adopted in 1948 but we consider that the lower charge for distance being sound, it must have had beneficial effect.

Q: 30. We do not agree with the suggestion. We consider that deviation from the tariff rates should be kept to a minimum.

Q: 31. We consider that freight rates should continue, as a general principle, to be based on the economics of transportation.

Q: 32. Where such provision is not already there, the answer is in the affirmative but all such cases will require to be judged strictly on their merits.

Q: 33. We would not favour such distinctions.

We would also not favour the suggestion for undeveloped areas. More suitable means could be found.

Q: 34. We are in favour of each venture being reasonably self-supporting financially—the freight charge being increased where necessary by inflating the mileage or by other means.

An example of where this policy is not being followed, with resultant adverse effect on revenue and on other means of transport (especially the Joint Steamer Companies), is on the N.E. Railway with particular reference to the cancellation of inflated mileages over the Assam Rail Link in 1952. Partly, in consequence of this action, the N.E. Railway budget for 1955/56 disclosed a working loss of some Rs. 6.86 crores (equal to a 29% increase in rates to equalise the deficit) which implies that current freight rates over the N.E. Railway are subsidised by traffic in other parts of India.

Q: 35. We consider that the correct policy is for the Railways to be self-supporting.

Special rates where necessary could be fixed to facilitate the economic and industrial development of the country without impairing the above principle provided the general level of rating is pitched so as to allow for this contingency.

Q: 36. No comments.

Q: 37. We consider that the above question admits of no standard ruling. Generally speaking we do not favour such a proposal.

Q: 38. The fixation of ceiling prices by Government naturally affects the freight rates which the traffic can bear. It is difficult to comment on the extent of this as, by and large, the rating level is regulated by the classification of the goods.

Q: 39. We are not aware of what the costs of transport are but if the average rate is an economical one and even if this is taken as Class 1, it may be inferred with good justification that certain commodities

must be moving well below the actual cost of transport.

We have in mind, in particular, the following commodities which we have set out in comparative form in order to illustrate our point:—

Commodity	Class	W/L Schedule	Basic Freight per md. at 600 miles.		% Reduction on Class Rate	Approximate value per md. F. O. R. Calcutta.
			At Class Rate	At W/L Rate		
Coal	1	Coal scale	Per maund Rs. 1 8 9	Per maund Rs. 0 8 0	67.64	Per maund Rs. 0 15 5
			Per ton Rs. 42 1 8	Per ton Rs. 13 10 0		Rs. 26 0 0
Cement	3	WL/E	Per md. Rs. a. p. 1 13 6	Per md. Rs. a. p. 1 0 0	45.76	Rs. 3 14 3
Salt N.O.C.	2	WL/I	1 11 0	0 15 9	41.67	Rs. 2 12 0
Bamboo Chips for Paper making	1	WL/C	1 8 9	0 12 5	49.83	Rs. 5 0 0
Grain and Pulses	1	WL/D	1 8 9	1 0 0	35.35	Rs. 12 8 0 to Rs. 18 8 0
Caustic Soda	4	WL/B	1 15 9	0 15 10	50.13	Rs. 37 8 0
Chemical Manures Div. B.	2 O.R.	WL/BR	1 11 0	0 14 10	45.06	Rs. 13 8 0
Other Manures	1	WL/A	1 8 9	0 9 7	61.28	Rs. 12 8 0
Bran	1	WL/D	1 8 9	1 0 0	35.35	Rs. 8 8 0

**Notes:**

- It will be noted that there is little relationship between the classified rate and the W/L Schedule Rate.
- The percentage reduction on the classified rate would indicate that the W/L Schedule Rate is too low.
- There is little relationship between the rate charged and the value of the goods.
- The classification is in need of revision, otherwise with such heavy reductions, it tends to become meaningless.

We consider that economic rates or rates on a more economical basis should be charged. Exceptions, if necessary, could be covered by Station-to-Station rates on their merits.

We also feel, that in respect of these W/L Schedule rates, there should be no maximum level to the chargeable rate.

Q: 40. Our suggestions are as follows:—

- Increase the level of rating generally.

- Reduce the extent of the concessional rates now granted.

- Revise upwards the classification of such commodities as can bear a higher classification.

- Revise upwards incidental charges as discussed in these questions and answers.

- Encourage greater co-ordination with other means of transport especially I.W.T.

- By rate manipulation, encourage an increase in the average weight of consignments with a view to making greater use of wagon capacity and reducing costs.

Q: 41. We should attach more importance to stable rates prevailing.

Q: 42. There have been considerable changes in the pattern of traffic since Partition (1947) in N. E. India.

Q: 43. We doubt whether it has had any great effect in this direction. It will be recalled that new freight rate structure increased most rates.

Q: 44 to 47. No comments.

Q: 48. Reference has been made in the Second Five Year Plan to the following projects for development in the Private Sector:—

**Bengal.**

Durgapore Steel Works	... 1 million tons per annum.
„ Coke Oven Plant...	900 tons per day output.
„ Soda Ash and Ammonia Chloride Plant	... 300 tons per day.
Increased coal production	... Tonnage?

**Assam.**

Cement Factory at Cherrapunji	... 300 tons per day.
Paper Pulp Factory Lumding	... 300 tons per day.

Sugar Factory, Golaghat	...	} Internal
Ropeway Amingaon Shillong	...	
Rolling Mill near Gauhati	...	
Spun Silk Mill	...	

3% Increase in Tea Industry

? Increase in Jute Industry

Q: 49 to 53. No comments.

Q: 54. As mentioned earlier, we suggest that one of the basic principles should be that the Railways are self-supporting and that the freight rates charged reasonably reflect the cost and value of the service rendered.

Q: 55. A point which occurs to us and which may be relevant to increasing revenue, is the need for an examination of the comparative rating by the Indo-Pak rail routes where, especially in the case of rates from Calcutta to Assam, the freight rates on many commodities by the Indo-Pak route undercut by substantial margins the freight rates by the all-India rail routes, and also the river-cum-rail routes. We consider that revenue is being lost unnecessarily on this account.

## The Metal Box Company of India Ltd.,

Calcutta.

### GENERAL

1. We would like to take this opportunity to put forward a case on matters which concern us intimately.

2. The Railway Freight Structure affects our sales in three aspects:—

- The cost of transporting our principal raw material, tinsplate, from Tatanagar to the main manufacturing centres in Calcutta, Bombay, Madras, Delhi and Mangalore.
- The cost of transporting our finished products, tin containers and closures of various descriptions, from our factories in Calcutta, Bombay, Madras, Delhi and Mangalore to our up-country customers.
- The cost of transport after filling, to the main markets (this affect is indirect but nevertheless important since we cannot sell more cans than are purchased, filled, by the consumer.)

3. Basically our request is for cheapening the cost of consumer packaging, an important cost element in a number of industries, cooking fats, pharmaceuticals, paints, baby foods, etc., and an element in the living costs of the large number of people who buy these goods. The present cost of packaging materials and the freight rates structure puts a premium on bulk packaging which is the source of infection as well as substitution.

4. How prevalent these malpractices are has recently been testified by the Central

Food Technological Research Institute which found that 33% of the ghee samples collected by them from bulk packs contained no ghee at all, merely adulterant. This problem cannot be solved except by marketing in consumer packages both ghee and vanaspati. Small pilfer proof tinsplate containers which are sealed by the producer and unsealed only in the home when the contents is consumed, are the best tamperproof packages yet devised. The small consumer package is in addition the precondition for the establishment of the brand habit both among manufacturers and consumers. The branded consumer pack is the means for the manufacturer to build up a market on his reputation for integrity and quality; for the consumer, the means of encouraging the producer who serves him honestly. Precisely the same argument applies in the case of other cooking media, pharmaceuticals, baby foods etc. Our point is that while the use of branded consumer packages urgently needs encouragement, penal freight rates on tinsplate, tin containers and packaged goods do the reverse of this.

5. At present, Tinsplate (Iron & Steel Division-A) transport at Railway risk comes under Classification 5, and in wagon loads under Classification 4. Tinsplate till very recently received treatment under special station-to-station rates between Tatanagar, Bombay and Madras, but these rates have been withdrawn from 1-10-55. The rates for tinsplate per maund from Tatanagar to



the following destinations are shown below:—

*Destination. Old Rate New Rate effective from 1 10 55.*

Madras Rs. 1-15-2. Rs. 2-15-6.  
Bombay Rs. 1-15-11. Rs. 3-2-9.  
Ernakulam Rs. 2-10-6. Rs. 2-13-7.

6. The price of 30 BG unassorted tinplate is currently Rs. 1049/12/- per ton and the freight charges on to Bombay Rs. 89/6/- per ton and Rs. 84/- for Madras. These rates seriously penalize industries requiring tinplate for packaging, that have already established themselves in Bombay and Madras, and deter new entrants. The point we would like to establish before you, is that at the prices thus determined, it is impossible to provide an economical packaging service to industry. Indian industry pays for its tinplate for packaging a price far in excess of the price paid by fabricators abroad. The United Kingdom packaging industry for example pays about Rs. 800/- per ton for its tinplate.

7. Consumer packaging industries, paints, toilet goods, pharmaceuticals, baby foods, etc., are at present heavily concentrated in the major port towns, and our despatches of cans and components up country are small. One of the factors responsible for this state of affairs is the freight structure. At the moment components for containers are placed under Class VI., and finished containers go under Class IX. It would mean a considerable impetus to up country packing if both were classified under class four.

8. Finally, we would emphasize that the freight rates on a number of commodities packed in containers are unjustifiably high.

#### *Goods Tariff Classification*

	R.R.	O.R.
Milk Powder	12	...
Condensed Milk	10	8
Confectionery	12	...
Ghee	10	9
Hydrogenated Oils	10	6
Glucose Powder	12	...
Medicines	14	...
Pearl Barley	12	...

9. In effect it means that the railways are financed by a levy on a number of goods vitally necessary to the nutritional requirements of the population, a levy which is particularly heavy on invalids and infants. It strongly discriminates against the inland population. There is a very strong case for revised classification here.

10. May we summarize our case. The present railway freight structure discriminates powerfully against hygienic tamper-proof packaging. It deters the establishment of the large number of industries which require cheap packaging, at any distance away from Tatanagar and the main ports, and finally bears heavily on the inland population, which is the least able to bear high prices for medicines, baby foods, glucose powder, hydrogenated oils etc.

#### PART 1—A

Q: 1. (a) The effect of the adoption in 1948 of the revised general classification of goods, seems to have had very little effect on this country's economy, we know of no

instance in the large number of industries with which we are connected where any significant stimulus was received, attributable wholly or in part to the railway freight structure.

(b) The effects have been largely negative, but the principle of telescopic rates is logical, a reflection of operating costs, and is to be commended.

(c) The effects have again been negative, there has been no movement of industry away from the large towns attributable to the revised freight structure.

Q: 2. (a) No Railway freight rates are generally insensitive to industrial requirements. The Tariff Commission recommended in 1954, for example, that the railway make some concession to the preserved fruits industry. No action has been taken as far as we are aware. The recent cancellation of the station-to-station rates for tinplate, between Tatanagar, Bombay and Calcutta, amounts to a reversal of the action suggested, adding as it does appreciably to the cost of that industry.

(b) There does not seem to be any general agreement of what constitutes the legitimate needs of industry, and industry is not always consulted in the exercise of the discretion referred to. For example, very recently major alterations in tinplate freight rates have been implemented without any reference to the principal interests concerned.

Q: 9. The transportation conditions and price of a commodity is an insufficient basis on which to determine freight rates. Price has very little relation to economic significance and it is economic significance which should be the central criterion of a transport freight structure.

Q: 10. We have already expressed our dissatisfaction with principles on which goods are classified. We would however, accept transportation characteristics as a first consideration; but we are not convinced that this is uniformly adhered to. Tinplates for example, is classified along with buckets, bangles and window frames in Iron & Steel Division 'A'. Tinplate is a compact and very neatly packed, and there is nothing which can justify this classification, on the principle referred to. Aluminium containers, another example, which are widely used for packaging pharmaceuticals, are classed as Aluminium Ware N.O.C. under class 13 & 12 for R.R. & O.R. respectively. Surely in the light of the very widespread substitution of medicines, there is a strong case for more favourable treatment for these tamper-proof containers.

Q: 16 (i). We would oppose an upward revision of the existing W condition. It would mean a completely unjustified premium for heavy materials, the fact that one commodity is heavier than another, has no implication as to its economic or social significance.

(ii) An extra levy on smalls, is an extra levy on small enterprise, which it is Government policy to encourage, we have large numbers of small customers, and would oppose this move most strongly.

(iii) This suggestion is most welcome.

Q: 21 (a). Railways should avoid short distance traffic, provided a more realistic attitude is taken over road transport policy—traffic up to 150 miles might well be considered short distance traffic.

(b & c). Yes.

Q: 26. In the Second Five-Year Plan it is announced that there will be a shift in emphasis in agricultural policy, from cereals to protective foods, fruits and vegetables in an article in the "Hindu" the Union Minister for Food has stated that increased attention will have to be paid to preserved foods. This company has for several years tried very hard to foster this industry, but progress seems quite impossible due to—

- (1) The cost and freight of tinsplate at Class IV.
- (2) The cost of transporting the cans to the food growing centres at Class VI for flattened cans and Class IX for made up cans.
- (3) The cost of moving the filled cans at Class XII to the main markets.

If the railway freight structure could make some concession to these perfectly legitimate requirements, there are large prospects for farming in Kashmir, U.P., Assam, Travancore and in Madras. There are prospects of good markets both in India and overseas. This company has done what it possibly can and for sometime has supplied cans to this country at non-profit making prices, but very little progress has been made, and there is very general frustration.

Q: 28. Our experience have not been favourable, we had requested for special station-to-station rates to Mangalore where we at present supply 4 gallon tins to the cashew industry. If tinsplate would be received in Mangalore at a sufficiently cheap price, there are real prospects of building up an industry consumer packing cashew nuts, both for the Indian market and for export. At the moment cashews are exported in four gallon tins, and proceeded and packed abroad, where very large margins of profits accrue to the importer/processor/packer. We received a reply to our request after 2 years to the effect that since competition from coastal shipping to Mangalore was negligible, the railways could see no necessity for any concession.

Q: 30. We are not inclined to support a principle suggesting the indiscriminate stimulation of new or export industries a more general but discriminating economic criterion is to be advocated.

Q: 31. We do not object to the railway freight structure policy being based on the legitimate economics of transport and the needs or railway finance, but we are not

convinced that this in fact is the present policy. There is a very general impression that freight rates are far too frequently based on the railway authorities view of what the traffic will bear and not arranged with that attention to the public good which should characterize a nationalized industry. Other criteria are also to be used, every good is to be judged on its economic importance, its actual and potential use to industry, agriculture, and the public, its contribution to the quality of peoples lives, geographical consideration must also be taken into account; and an attempt be made to promote industries in backward areas by providing cheap transport for raw materials and also for finished goods to the main markets.

## PART I-B

### ANNEXURE—V

Q: 1. It requires approximately 125 tons of tinsplate to manufacture a ton of finished containers our main product. We use negligible quantities of coal.

Q: 2. Figures for 1938—39 and 1947—48 are unfortunately not available. Production for the other periods is given in tons of tinsplate.

1952-53	12,770 tons.
1953-54	12,229 "
1954-55	13,790 "

Q: 3. There has been little change in the movement of our main raw material, tinsplate which is manufactured at one centre only Jamshedpur. Industries requiring tinsplate, packaging have concentrated in the large port towns, and there has been no appreciable change in this pattern.

Q: 4. For our principal raw material the actual distances to our major factories are :

Tatanagar	Madras	1044 miles.
"	Bombay	1068 "
"	Calcutta	156 "

The longest haul is to our small operation in Mangalore where the distance from Tatanagar is 1,600 miles.

For despatches of containers by rail:—

Longest	1280 miles.
Shortest	150 "

Q: 5. The entire quantity is received by rail.

Q: 6. About 80% of our total finished product is despatched by road—only 20% by rail.

Q: 7 (a). During 1954-55, the prices of tinsplate at the principal consuming centres and the railway freight to these centres from Tatanagar, was as follows:—

		Price per ton.		Freight per ton.
Calcutta	...	Rs. 944	...	Rs. 19 12
Bombay	...	" 990	...	" 56 6
Madras	...	" 983	...	" 55 0

Freight Rates have since been augmented and the price of tinsplate raised so that the current figures are:—

Calcutta	...	Rs. 1071	...	Rs. 19 12
Bombay	...	" 1149	...	" 89 6
Madras	...	" 1138	...	" 84 0

Comparable figures for 1938-39 and 1947-48 are unfortunately not available. However, these figures may be compared to Rs. 800/- per ton which is paid for tinplate, for packaging in the U. K.

(b) We manufacture such a wide variety of containers of different shapes, sizes and decoration, that is impossible to

provide this information for all our products, but in the case of one of our important items, the A2½ can, widely used by the Food Preservation Industry, the prices are as follows:—

Price of A2½ cans, per 1,000 at various consuming centres:—

Calcutta	Nagpur	Kashmir	Delhi	Mathura	Trichur
Rs. 241 4 9	Rs. 271 9 0	Rs. 308 15 0	Rs. 276 4 0	Rs. 272 12 0	Rs. 275 9 0

All the prices are for flattened cans; reforming will cost an additional Rs. 11/8/- per 1000 cans.

Comparable figures for 1938-39 and 1947-48 are unfortunately not available.

Q: 8. Comparable figures for 1938-39 and 1947-48 are unfortunately not available.

#### DESPATCHES IN TONS

	Madras	Bombay	Calcutta	Total
(1) 1— 50	—	—	—	—
(2) 51— 100	—	—	—	—
(3) 101— 200	300	50	10	360
(4) 201— 300	100	10	20	130
(5) 301— 400	350	10	40	400
(6) 401— 500	50	10	10	70
(7) 501— 600	—	50	10	60
(8) 601— 700	—	20	80	100
(9) 701— 800	—	100	40	140
(10) 801— 900	—	500	290	790
(11) 901— 1000	—	—	110	110
(12) 1001— 1200	—	500	170	670
(13) 1201— 1500	—	50	360	410
(14) — Above	—	—	—	—
(15) — Above	—	—	—	—
Total	800	1,300	1,140	3,240

Paint Federation,  
Calcutta.

#### GENERAL

The special problems of the rail carriage of paints may be divided as under:—

##### 1. Revised rates : (as from 1-4-55).

As booked in class rates the rail charges for paints have been recently raised by about 0.2-0 per maund.

Actual old and revised rates for paints (ordinary-paste or liquid) are:—

Exclusive of terminals (per maund rates).

Before 1-4-55

	R R	O R
300 miles	Rs. 1- 3-6	Rs. 1- 1-0
500 miles	„ 1-15-8	„ 1-11-6

After 1-4-55

	R R	O R
300 miles	Rs. 1-5-6	Rs. 1-2-0
500 miles	„ 2-1-8	„ 1-13-3

Additional terminal charges are 0.1-4 per maund in case of railways taking responsibility for loading and unloading at both ends.

2. *Packing conditions*: Paints (non-dangerous) have a packing condition attached to the rates, R. R. or O R, viz. "they must be booked in iron or steel drums.....or in sound wooden barrels". If the packing condition has not been satisfied it will be treated as "defectively packed" and a remark to that effect is obtained from the sender in the forwarding notes. For loss of goods from a container (defectively packed) the railway administrations generally decline liability even if there have been extractions by the railway staff themselves or at their connivance.

3. *Wagon rates*: In respect of many essential industries such as iron, steel, flour, sugar, mica powder, chemical manures like Ammonium Sulphate, Nitrates, etc., there are provisions for lower wagon rates. Paints should be similarly considered for such rates.

4. *Special rates*: Imperial Chemical Industries Ltd. has been given special rates for paints (non dangerous) O R: W/400 from Rishra to Bombay. Concession rates were also given from Naihati (*vide* Eastern Railway Tariff I B 1954). The system of providing special rates to industries has been drastically curtailed for some time, but it requires restoration and extension so that the trade regains its necessary marketing facilities.

5. *Acceptance of sender's standard weights*: The Paint Industry is entitled to the above privilege, as it would save much of their unnecessary harassments to get each consignment re-weighed in railway premises before rail receipts are issued. There should be no objection to introducing this system if the industries can sufficiently satisfy the rail administration as to the genuineness of the weights of the standard size containers used, and statements of respectable manufacturing organisations of paints should be relied on in this connection. A privilege as above is only a "reasonable facility" which industries are due under section 42 of the Indian Railways Act (1890). The industry realises, however, that if weights vary the system as referred to above cannot be introduced.

6. *Private Insurance System*: Paints are provided with O R rates. In respect of long distance traffic in paints (ordinary) the margin of difference between R R and the O R rates of charge is sufficiently wide as far as it is to be advantageous for paint manufacturers to insure their goods with private companies rather than paying the higher railway risk rate of charge.

Margin of difference (per maund) between R R and O R risk rates of charge for paints (Ordinary paste or liquid).

500 miles	0-4-5
600 miles	0-5-3
700 miles	0-6-0

The position is quite different in respect of short distance traffic.

*Margin of difference per maund.*

100 miles	...	0-0-11
200 miles	...	0-1-10
300 miles	...	0-2-9

It will be preferably for the producers to book their paints in respect of short distances at railway risk, the railway industries taking responsibility generally for any loss or damage.

As bailees, the responsibilities of Indian railway system are less than those of the British Railways. A private Insurance should be encouraged therefore. The Companies take more responsibility than that taken by the railways even if they pay at the higher scale of charges at railway risk rate.

7. *Dangerous Goods*:—Ordinary paints (paste or liquid) are treated as non-dangerous in the category of railway goods classifications. Quite a large variety of paints, *viz.*,

Enamels and Varnish paints have been included under "dangerous goods" requiring execution of special forwarding notes, and written acceptance of responsibility by manufacturers in the event of any damage to the property of the railway administration or to other private consignments through explosion.

On dangerous goods, pre-payment of railway freight is customary. Varnish paints and enamels are exempted however. On Nitro Celulose paints or those paints mostly composed of naphtha very high rates of pre-paid rail freight are charged.

8. *Owner's Risk*:—In case of booking at the lower owner's risk rates the railway administration do not take responsibility for loss, damage or deterioration from "any cause whatsoever" so long as there is no misconduct on the part of the Administration's servants.

Carriage at the reduced "owners risk rates" is a "special contract" between senders and the carriers. The former risk note in Form B (on account of reduced rates paid) has been recently superseded by requirements of necessary entries or remarks by senders in the printed forwarding note Form supplied at the Railway Stations. The new method appears to be an improvement over the former system. Additional Risk Note Form A on account of consignments "sent in defective condition" has been also superseded by the use of new forwarding notes in a similar way.

When charged at the lower reduced owner's risk rate the railways were free from all liability for loss, damage etc. with special contracts made under a standard form having approval of the Central Government, unless there was a case of "misconduct". The word 'misconduct' has been described as misbehaviour in which the "will" of the railway administration's servants is the most important factor. The old risk note was amended in October 1924.

Under the new provisions of law in this matter (Indian Railway Amendment Act of 1949—*vide* reply to Item 7) the railway's liability has been extended to cases of "negligence" in addition to those of "misconduct" as per previous contracts. The benefit of the new amendment goes to the trade since the liability of carriers has been definitely raised on bookings at reduced owner's risk rates. The railway risk rate therefore should not now be so advantageous as compared to the owner's risk rate.

9. *Running trains thefts*:—Indian Railways are Bailees under Contract Act of 1872, (*vide* Section 72 of the Indian Railways Act) and have therefore no responsibility under the law in case of loss through running train thefts irrespective of whether the goods in question are booked at O R or R R rates.

A train standing outside the station awaiting signals for purposes of entry is treated as a "running train". Any theft from such trains by breaking of wagons seals is treated as a "running train" theft. To prevent similar thefts or robbery it is necessary that areas where similar cases occur should be particularly spotted and specially protected by the railway's own staff or by the police. It

is also desirable that similar stoppages for signals outside the stations is discouraged particularly during night time. The trade has

a right to insist on this change of practice under Section 42 and the matter should be therefore thoroughly investigated.

## Messrs. Sahu Jain Limited,

Calcutta.

### GENERAL

We would like, however, to invite your attention to the salient points of our reply. The Freight Structure Enquiry Committee has a very big task before it, as the question of re-orientation of the freight structure and the re-classification of goods is indeed an intricate one. The re-orientation of the freight structure with proper scientific classification of goods is nevertheless urgent and imperative. In this modification of the freight structure the Committee has also to bear in mind the national developments. It is true that the Railways should not lose any revenue. All the same, the revision of the freight structure must not be to increase the revenue by the direct process of pushing up the rates. With the vast developments that are taking place in the country it is our conviction that the Railways by carrying larger volume of traffic and change in the character of the traffic will be able to realise larger earnings. The rates structure laid down from 1st October, 1948 taking into account the subsequent revisions do not form a scientific basis and are not such as to help or facilitate development of the national economy.

We have suggested certain specific rates and re-classification of goods bearing in mind the basis explained above so that the railways may earn, helping at the same time development of the economy and giving

efficient service to the users. In doing so we are sure that the total earnings of the railways under no circumstances will be affected adversely.

In detail we have suggested that 'wagon load' scales should be given to all commodities, short distance charges should not be levied, terminal charges should not be levied, both ends and especially where conveyance ends at the point of inter-change involving no service to the user, train load facilities with appropriate rate should be given, crane facilities should be improved and the rates which are at present burdensome should be scaled down, and generally the freight structure should have the elasticity that will be conducive for development and better and more efficient service on the part of the railways.

Our freight structure suggested has been worked out on a basis that is higher than the minimum working expenses which have been found as given below during 1952-1953 and 1953-54. From both these years it will be found that the working expense per md. per mile for the total traffic comes to .018 pie which is inclusive of all such extra expenses such as on transhipment or on services rendered by the railways and fall under terminals and minimum distance charges.

Working expense			1952—53	1953—54
			(Rs. Crores)	(Rs. Crores)
Administration	...	...	26.18	27.87
Repairs and maintenance	...	...	64.21	68.08
Operating staff	...	...	41.16	43.39
Operating fuel	...	...	22.20	23.98
Other operating expenses	...	...	13.48	13.96
Misc. expenses	...	...	17.12	18.64
Labour welfare	...	...	3.64	4.03
Depreciation fund	...	...	30.00	30.00
Total			217.99	229.98
Total train miles	...	...	175.423 millions	178 millions
Working expense per train mile	...	...	Rs. 12.45	Rs. 12.7
Average load per train	...	...	469	481
Average expense per md. per mile	...	...	0.19 pie	0.18 pie

The following part of our recommendations will help to augment railway earnings.

(1) At present only small consignments upto 20 mds., are subjected to freight

charge of 12½% but under our freight structure we have recommended that upto 240 mds., consignment should be treated as small and be subjected to surcharge of 12½%.



(2) We have further suggested that the traffic which is at present carried without any charge beyond 1,500 miles should also be charged and this will only bring revenues to the railway which they are not getting now.

(3) So far railways carry their own materials for development projects with little charge but according to our recommended freight structure all railway mater-

ials should also be fully charged as any other traffic so that whatever may be freight payment on account of transport of materials for development projects it may be capitalised and may not be loss to the revenue of the railways. This traffic is nearly 25% of the total traffic.

We trust that the suggestions made in our reply will receive your serious and careful consideration.

## PART I-A.

Q:1 (a). Industry and Trade generally has been adversely affected. The adverse effect was serious because the concessions and special rates that were obtaining were withdrawn and the rates were made steeper suddenly. The freight on the raw materials in regard to industries like paper, cement, sugar and chemicals etc., has been increased from 50% to 260% in some cases for which the concrete examples are given as per statement marked 'A' enclosed herewith. The revised general classification of goods appeared to be based only on one principle that more revenues should come by increasing the charge per mile per maund basis instead of basing the revised classification for different commodities taking into consideration the development of Industries.

(b) The principle of telescopic rates on the continual mileage over the different railways was not a novel thing introduced in 1948. Under scheduled rates in vogue earlier the telescopic basis was recognised. The uniform telescopic rates introduced in 1948 on all railways removed the anomalous position of different schedule rates and class rates on same commodity on different railways but did not help the Industry and Trade generally because these rates were on a basis of charge per maund per mile which was much higher when compared with the scheduled rates or class rates which were in force prior to it as shown in statement 'A' enclosed under answer to Q:1 above. There was a big gap between different wagon load rates and wagon load rates and class rates and there was little relativity between them and the wagon load rates were for a few commodities. Later on further alterations in the basis of pies per maund per mile both in class rates and wagon load has proved that there is no stability. The other effect of introduction of telescopic rate has been very severe on the local trade within a radius of 75 miles because for traffic upto 75 miles these telescopic rates stiff in themselves were further enhanced by the addition of the short distance charge of -/6 per maund, and the terminal charges of -/1/- per maund in case of loading done by the consignor and unloading is done by consignee and by -/1/4 per maund where loading and unloading is done by the railway themselves. And where a traffic is of a distance below 15 miles a minimum distance charge of 20 miles is made which makes the position of industries heavily burdened for their raw materials such as lime stone for Jaipur Udyog Ltd., and from Karwandia to Dalmianagar. All special station to station rates were abolished and their abolition left the local short distance industrial traffic helpless.

(c) The revised freight structure under Rule 72 of I.R.C.A. Goods Tariff Book No. 29 enforced from 1st June 1954, lays down that a short distance charge of 6 pies per maund will be levied where the aggregate distance for charge is less than 75 miles irrespective of the number of railways over which the traffic may be carried. The traffic of all commodities for a distance below 75 miles is charged disproportionately when compared to the charge made for traffic of each commodity despatched to stations situated above 75 miles. This is due to minimum distance charge as well as terminal charges which remain the same irrespective of traffic distance.

Q: 2. (a) No.

(b) The Railway Administration does not exercise any discretion to charge lower rate than the maximum class rates or wagon load rates quoted under the revised classification. The minimum chargeable rate has not been quoted by any railway for the carriage of any traffic. Rohtas Industries Ltd., applied to the Chief Commercial Supdt., Eastern Railway for station-to-station rate for traffic of Sulphuric Acid originating from Dalmianagar Siding to Calcutta, stating clearly the circumstances under which their Industry is placed and the competition which they cannot meet in Calcutta market due to higher rates of freight but 'regret' was the reply from the Railway. Likewise Rohtas Industries Ltd., made a representation for station-to-station rate for Groundnut Oil from Madras to Dalmianagar Siding but railway after acknowledgment of the letter and making preliminary enquiry for more than a year, has neither given a negative nor affirmative reply. Not only this, though all the railways for their local traffic of Bamboo Chips and cuts when despatched as raw materials for paper making have introduced floor area basis for purposes of charge but when Rohtas Industries Ltd., applied for a through rate on floor area basis for movement of Bamboo for stations situated on Bilaspur section of South Eastern Railway and passing over Central and Northern Railway to Dalmianagar Siding on Eastern Railway, this floor area freight basis on permanent basis has not so far been granted. Other instances of unreasonable treatment to the Industries are very many to show that the Railway Administration has not exercised their discretion to quote station-to-station rate to enable the Industry to get their raw materials or to market their finished products in competition with others in principal market like Calcutta, Delhi, Bombay, Madras etc.

Q: 3. The number of class rates are many in number, while wagon load scales



at present prescribed are for few commodities. The commodities are not classified on rational basis. And therefore it is desirable that wagon load scale be made available for every commodity that is loaded in full wagon and the distribution of commodities under class rates and wagon load scales should be revised. We suggest that all raw materials and auxiliary materials for Agricultural, Horticultural, Dairy, mining and industries be moved at cheaper wagon load scales. All consignments of "smalls" upto 240 Mds., be moved at R/R under class rates subject to 12½% surcharge.

The working expenses of the Railways

for 1953-54 and 1954-55 have been analysed on a rough basis as found from the Red Book issued by the Railway Board. and they are given under covering letter which show that the working expense per md. per mile come to .18 pie which includes all such expenses as transshipment, terminal expenses for which separate charge is made by the railway. Therefore we assume that for purpose of freight basis the minimum charge should not be below .16 pie per md., per mile. We give below our classification of commodities under broad groups and also the telescopic basis for wagon loads and class rate for "smalls":—

Class rate at R/R for "smalls" upto 240 Mds. subject to a surcharge of 12½%			GENERAL HEAD	Minimum pie per md. per mile	Wagon load scale at O/R	300 miles	Next 300	Beyond	Freight pool system preference	Train load and basis of charge
300 miles	Next 300	Beyond								
<b>Special Class</b>										
.170	.169	.168	Military Traffic & Govt. stores but not stores for Govt. Industries.	.16	WL/A	.16	.16	.16		
<b>1st Class</b>										
.172	.171	.170	* Coal, Coke, Salt & Fuel all sorts.	.16	WL/AA	.162	.162	.162	*Yes on zonal basis.	.16 Flat rate.
			Railway materials.	.16	WL/AAA	.163	.163	.163		
<b>II Class</b>										
.180	.178	.176	Requisite material for agriculture, horticulture, farming and dairy, Forest, River, Lake and Sea working.	.16	WL/B	.165	.164	.163		
			Agricultural, horticultural and dairy, Forest, River, Lake, Sea and earth produce and minerals.	.16	WL/BB	.168	.167	.166		.166 Flat rate.
			Foodstuff for human consumption including edible oils.	.16	WL/BBB	.170	.168	.166		.166 Flat rate.
			Building and Road materials N. O. C.	.16	WL/C	.172	.170	.168		.168 Flat rate.
<b>III Class</b>										
.165	.184	.183	Health, Sanitary, Education and Hospital requisites including medicines non-hazardous and non-dangerous N. O. C.	.16	WL/CC	.175	.173	.171		
<b>IV Class</b>										
.190	.189	.188	Imported Plant and machinery and component parts including electrical equipments and accessories when offered for despatch from Docks and export merchandise when offered for booking to Docks.	.16	WL/CCC	.176	.175	.174		.176 Flat rate.
<b>V Class</b>										
.20	.19	.18	Basic Raw materials for industries N.O.C.	.16	WL/D	.180	.178	.176		.176 Flat rate.

Class rate at R/R for "smalls upto 240 Mds. subject to a surcharge of 12½%			GENERAL HEAD	Minimum pie per md. per mile	Wagon load scale at O/R	300 miles	Next 300	Beyond	Freight pool system preference	Train load and basis of charge
300 miles	Next 300	Beyond								
			Auxiliary materials or semi finished goods for industries includ- ing packing materials N. O. C.	.16	WL/DD	.185	.183	.181		
			Finished products of industries except non- ferrous metals and its products and Paints and Varnishes and Iron & Steel manu- factures.	.16	WL/DDD	.190	.188	.186		.186 Flat rate.
<i>VI Class</i>										
.250	.225	.200	Iron & Steel manufac- tures and Paint and Varnish.	.2	WL/E	.192	.191	.190		
			Non-ferrous metal and its manufactures.	.2	WL/EE	.225	.200	.175		
			Household requisites and office equip- ments N. O. C.	.2	WL/EEE	.250	.225	.200		
<i>VII Class</i>										
.45	.40	.35	Oils including mineral and lubricating and other oils N. O. C. not below 76°F and Chemical and Dyes.	.2	WL/F	.300	.275	.250		
			Indigenous machinery, machinery parts and other mechanical ac- cessories and tools.	.2	WL/FF	.350	.325	.300		
			Electrical equipment and their component parts and electrical appliances, fittings and accessories.	.2	WL/FFF	.400	.350	.300		
			Timber N. O. C. and Sports games and toys N. O. C. and Bicycles.	.2	WL/G	.450	.425	.400		
<i>VIII Class</i>										
.625	.600	.575	Glass sheets and other manufactures of glass	.2	WL/GG	.500	.450	.400		
			Acids and Gases ex- cluding cylinder weight.	.2	WL/GGG	.550	.525	.500		
			Transport vehicles dri- ven by petrol, Diesel, Kerosene.	.2	WL/H	.600	.580	.550		
			Offensive goods.	.2	WL/HH	.600	.580	.560		
			Luxury goods, and Toilets and Smoking requisites N. O. C.	.2	WL/HHH	.625	.610	.600		
<i>IX Class</i>										
2.00	1.90	1.80	Spirits, Wines and other intoxicants.	.2	WL/I	1.50	1.25	1.00		
<i>X Class</i>										
2.5	2.25	2.00	Explosives and Dan- gerous goods N.O.C.	.2	WL/II	1.75	1.50	1.25		

The financial effect of the above given modifications will be offset if 25 mds. is added towards the minimum wagon load condition for the different commodities as at present prescribed, but the present weight condition attached to each commodity should be rationally based on the floor area of a wagon.

Q: 4. This practice should not remain and the charge should be made on the basis of the distance legs and rate legs given for the wagon load scale or class rate.

Q: 5. In defining 'Terminals', the Director-General of Railways explained in 1887:—

"Charges for services incidental to the business or duty of a carrier; such as the working charges, repairs, renewals, and insurance of station buildings, sidings, sheds, platforms, warehouses, cranes, turntables, weighing machines, hydraulic power fixed appliances, machinery, etc., ground rent, loading and unloading, clerkage, weighing and checking of goods, stores, covering, portage, and other labour of every description, shunting, gas and lighting, rates and taxes, risk of damage in loading and unloading, cartage, claims for compensation, etc., etc., inclusive of profit".

Thus terminals charges are levied as separate charge to cover the above services, but since these services are incidental to the business or duty of a carrier, they should not be charged at all at the booking points, and in case need be, they can only be charged at the terminal of a traffic where railways render services other than the above. But as already held by the Railway Tribunal in *Upper Doab Sugar Mills Ltd. vs. S.S. Light Railway* that no terminal charges be levied where the conveyance ends at the point of interchange for private siding of an industry, where after the conveyance is over, no services are rendered by the railway. Further the terminal charges if any, should be uniform for all commodities without marking differentiation for coal wagons or wagons carrying other commodities and when railways find that 8 annas per ton at each end is sufficient as a terminal charge for coal wagons why the same charge cannot be taken as the correct charge for all other mineral ores such as lime stone, gypsum, laterite etc. Therefore the terminal charge chargeable by the railway should be 4 pies per maund at terminus end for all commodities on uniform basis where the owners are required to do the loading and unloading or where at the option of the railway they are permitted to do so under special arrangements. In case where the railway would require to do the loading and unloading 6 pies per maund at terminus end should be charged as terminal charges. Since on short distance traffic, the terminal charge works out at present for lime stone Rs. 33/12/- per wagon of 20 tons while the freight for 20 miles for the same wagon comes to Rs. 19/2/-. Thus it is found that the terminal charge is almost double of the freight. Therefore when minimum distance chargeable is 20 miles, no terminal charge be levied on short distance traffic.

**Transshipment:** Transshipment charges as charged at present be continued.

**Short distance charge for general merchandise:** No short distance charge should be levied but instead of it minimum charge should be for 20 miles for any traffic.

Q: 6. The charge per mile per maund as at present be continued.

Q: 7. No. The minimum distance for charge of 20 miles for goods traffic should continue, but short distance charge should be abolished and no terminal charge be levied.

Q: 8. Railway as carriers are to provide the necessary type of wagons required for the traffic offered to them. Therefore when any traffic is offered of liquid commodities such as Molasses, Sulphuric Acid, Groundnut Oil or other kinds of oils or High Speed Diesel Oil, or low speed Diesel oil Kerosene, or Petrol, each railway knows about the traffic that is offered to them in different loading points in their area and the railway should provide adequate number of tank wagons for such traffic and such wagons should be stencilled for such station to always make the trip of liquid commodities offered from such station. There is no question of haulage of tank wagons to be charged separately and there is no justification for the same. Therefore we advocate the abolition of the empty haulage charge, if any on any railway.

Q: 9. The price alone of a commodity should not be the basis of classification of commodities for purposes of freight charges. Transportation conditions and hazardous or non-hazardous nature of the goods should be the primary principle for basing the freight structure and also the main principle for classification of commodities should be on the basis of their ultimate use such as if they are used as raw materials or industries or they used as auxiliary materials or they are used as plant and machinery for manufacture of something or they are finished products for ultimate consumption. So far the railways were not a national institution. They were managed by different companies and their main basis of the freight structure was either the cost of service principle or charging what the traffic will bear. The freight structure so far had no consideration for the development of agriculture and industries. As regards grouping of certain commodities as given in Annexure 3 is concerned, we agree to the same. But we want the classification for purposes of freight structure not on the basis of commodity but on the basis of end use. Further we find that forged steel balls or cylepebs or steel grinding balls which are essential auxiliary material for production of cement are at present grouped under machinery but they should be taken off the group and treated separately.

Q: 10. We are not satisfied with the present classification of goods for purposes of freight chargeable because they are divided at present into different classes according to commodities and on the principle of the capacity of the commodity to bear the freight. The present structure has not taken into consideration the national development of the industries. Our view is already explained above that the classification of commodities for purposes of freight should be based on end use of the commodities and according to their nature and characteristics of transport. The freight structure envisaged

by us given under reply to question No. 3 is the full answer to this question.

Q: 11. Since the Budget of 1954-55, already the traffic offered as smalls is subject to a surcharge of 12½% no further difference in freight should exist between the wagon load traffic moving under Class rates and the traffic offered as smalls up to 240 Mds.

Q: 12. It has already been stated earlier that the minimum charge should be for 20 miles and it should be for purposes of freight based on either on a wagon load basis rate when traffic is consigned to industries or under class rate when consigned on other accounts on the basis of relative leg of distance and unit of freight per maund per mile applicable to the traffic. In case the commodity is governed by the carrying capacity of wagon under wagon load scale, the freight chargeable is on the carrying capacity of the wagon for the miles the traffic is to be carried subject to a minimum of 20 miles charge or in case it is governed by W/300 or W/500 maunds in such cases the freight will be on the basis of such weight for the miles the traffic is carried subject to a minimum of 20 miles.

Q: 13. The minimum weight for small consignments should be fixed one maund for booking by goods train and all traffic below one maund should be accepted for carriage by parcel and the present minimum charge of Re. 1/- per consignment be continued to meet the minimum charge to cover the expenses of conveyance as well as supervision. This minimum charge should not vary commodity to commodity. It should remain a minimum charge per consignment irrespective of commodity.

Q: 14. The minimum charge being for 20 miles and further subject to minimum charge of Re. 1/- per consignment, it is definite that consignments weighing below 1 md. upto a traffic of 20 miles will also be charged Re. 1/- even if they are carried by parcel, since small packages when accepted by goods train are liable to be mislaid at wayside transshipment stations and are also liable to easy thefts, we agree that the minimum weight of a consignment to be accepted for goods train should be 1 md. instead of 7 seers. This course will divert traffic of smalls to other means of conveyance and at the same time it will be easy for the railways to group the smalls to make junction road vans.

Q: 15. As a public policy and from the point of view of conditions and characteristics of transport all commodities cannot be placed in one class whether they are offered for carriage as smalls or as wagon loads. Once railways would fix a maximum for all commodities upto which all commodities can be carried under one class, it will mean that higher rated traffic will be offered by the public in the form of smalls instead of wagon load and it will be broken up in so many consignments that it will conform to a maximum weight. This will vitiate all classification of goods and freight basing structure. Therefore, we do not agree to it.

Q: 16. 'W' condition which is at present attached to or may be fixed to be attached to in future for the conveyance of a particular traffic is based or is to be based on the practical experience of loading that particular commodity in different wagon

areas and the present 'W' condition which is attached to any wagon load rate or class rate applicable to wagon load consignment is an average weight which has been loaded in the past. Therefore, we do not recommend or consider advisable revising the 'W' condition in upward direction. As regards the second suggestion, we have already said before that traffic in wagon load of every commodity is to be quoted wagon load basis rate while traffic of smalls is to be charged under class rate at R/R subject to a surcharge of 12½%. We have already said that under present classification the wagon load rates are quoted for very few commodities and much of the traffic even in wagon loads is at present moved under class rates on higher freight basis which we consider unreasonable and unfair. We therefore do not agree that all wagon loads for which at present no wagon load rate is quoted should be moved under class rate. We suggest that for the better utilisation of transportation capacity different consignments of non-hazardous nature when offered by several consignors, as smalls, or by one consignor, to one destination station and to one party or to many parties be quoted wagon load rate subject to the minimum carrying capacity of the wagon and a particular day should be fixed for acceptance of such smalls for particular big destinations. It will relieve the goods booking sheds being congested and also wagon utilisation will be better and there will be less losses of consignment in transit and quicker transport. As regards the third suggestion is concerned, a rebate on freight should be granted if a trader or an Industry by putting more labour and more skilful stacking inside the wagon can load more than the minimum 'W' condition prescribed, but in all such cases the carrying capacity of the wagon should be the maximum to be loaded otherwise there is a danger for the rolling stock sometimes to be damaged in transit. This will also ensure a better utilisation of wagon because of a rebate on freight, but such rebate should be on the total load and not on the excess load over the minimum 'W' condition, otherwise the rebate on excess weight which may be granted by the railway will be so small that it will not pay the trader or industry to employ more labour and to stack more carefully.

Q: 17. Train load rates cheaper than wagon load rates should be granted when one commodity is offered by an Industry or by a trader to be loaded for one destination station only and the train load rate should be 1½% cheaper than the wagon load scale rate in the last leg and it should be on flat basis. It will ensure better utilisation and turn over of wagon at less operating expense to the railways. Any industry or consignor who will undertake to load train load, they will have to spend heavily on engaging labour and to finish the loading within free time and to unload the wagon at destination station within free time. The rebate of 1½% on last leg of wagon load scale rate for such train loads will be an incentive to the industry to clear their traffic and to load their finished products to one station on one day.

Q: 18. We do not advocate that there should be any express goods service trains because it may result in shortage of wagons for ordinary traffic and there will be bottle

necks and junction and *via* points because in order to clear special fast trains, ordinary traffic will be detained. The longest traffic in India which is offered is never more than 1,500 miles and this traffic when in wagon load must cover this distance within 15 days in an ordinary course. Therefore the traffic from any of the station to another is expected to be carried by the railways within 15 days and therefore there is no need for special express trains to be run for carriage of goods except in cases of emergencies like war, earthquake or floods and in all such cases railways always run special trains with the quickest and fastest services. To run special express trains would be a clear admission on the part of the railways of their incapacity to carry the traffic offered or to carry the traffic in time. Every Industry keeps their minimum stocks of raw materials for a month and if they get their raw materials from every corner within 15 to 20 days, they do not require special express trains to move their goods and when such eventualities come up that certain machineries or certain goods are required urgently, they can be sent by parcel express train. But what we want to emphasize in this regard is that the Railways must improve upon their speed of delivery of ordinary goods traffic in full wagon loads as well as in smalls. At present there are instances where wagons booked from Howrah to Patna Junction have reached after 58 days and there are several instances where full wagon load goods have taken to cover 345 miles distance from Calcutta to Dalmianagar more than 45 days. Under the circumstances, the railways should not be satisfied of the general average of the turnover of wagons and they should make a provision under their freight structure for maximum time the railways will take to carry a traffic under each leg of freight structure for full wagon load so that if after that maximum period the traffic is handed over to the consignee, the railway is made to charge freight on the basis of next time leg freight basis and such loss to the railways be realised by the railways from the staff who detained the wagon *en route*. This will ensure timely service to the customer.

Q: 19 & 20. At present every consignment of traffic in which each piece weighs more than 10 maunds is treated by the Eastern Railway at Howrah Goods Shed as crane consignments irrespective of the question whether it can be loaded by labour and irrespective of the question whether it is to be loaded by the consignor or to be loaded by the railways, though under rule 26 (2) Goods Tariff General Rule No 29, the charges are laid down for consignments under which each piece is 1 ton and above and which are shown as to be handled by man power paid and is to be treated as non-crane consignment. As regard this we have to say that unless each piece is more than a ton, the consignment should not be treated as a crane consignment and it should be treated as non-crane consignment. When such consignment is offered as smalls the loading and unloading is to be done by the railways and they should charge the loading charges for such non-crane consignment at the rate of one anna per maund and even if the railway makes use of crane for their own facility, no crane charges should be charged except loading charges as pre-

scribed. Further in case of small consignment where each piece, case or package weighs more than 1 ton and the loading is to be done by the railways, they should charge either the loading charges or the crane charges but not both. In case of a wagon load consignment when the consignor is to load the consignment and each piece in the consignment weighs more than a ton or less than a ton, but above 10 cwt and the consignor requires the crane services from the railways either for unloading from his lorries or for loading into the wagons the crane charges should be on the basis of the tonnage of goods handled by crane and not on the basis per operation of the crane or on time basis or on the lifting capacity of the crane, but it should be on a flat rate basis per ton. The Port Commissioners charges for crane are as given below:—

- (1) Re. 1/- per ton or a part of a ton subject to a levy of surcharge of 33½% for loads upto 2 tons per case or package or piece either for unloading from the trucks or for loading in to the trucks or loading into the steamer or boats.
- (2) Rs. 2-8-0 per ton subject to a surcharge of 33½% for all loads above 2 tons per case or per package or piece for unloading from the trucks or for loading into the trucks, boats and steamers.

Therefore, we recommend that the crane charges should be charged on a flat rate basis per ton on the above basis as charged by Port Commissioners and when such crane charges are charged by the railways, no loading charges should be charged by them where railways have to load on their own account or on account of the consignor. The Eastern Railway at Howrah Goods Shed were charging crane charges of Rs. 4/- per operation of loading and unloading a consignment upto 10 tons upto the end of July 1955, but in the month of August, 1955, they began to charge on the basis of per operation per piece at the rate of Rs. 40/- per operation, per piece whether of 10 Cwts., 1 ton or 5 tons or 10 tons. The result of this arbitrary fixation of crane charge fell very heavily on trade. R. I. Ltd., Calcutta offered 2 Cases containing machinery parts each case weighing 12 Cwts. and Howrah Goods Shed charged Rs. 40/- for each case for unloading from the lorry by crane that is to say for two cases of 12 cwts. each while previously the charge would have been Rs. 8/- while after July 1955, the charge was Rs. 80/-. Again a charge was made from 1-10-55, charges on account of cranes for lifting consignments weighing less than the lifting capacity of the crane are to be levied at the rate of Re. 1/- per ton or part of an hour per ton or part of a ton of the actual weights of such consignments lifted subject to a minimum charge of Rs. 16/- per consignment. The minimum charge of Rs. 16/- per consignment is still too heavy. Therefore, in the interest of affording proper facilities to the consignor of goods of heavy lift crane charges at a uniform flat rate per ton or part of a ton should be fixed so that arbitrary charges are not made by respective railways. Further at present heavy cranes are few and months ahead arrangements are required to be made and a separate charge is made for the haulage of such cranes both ways and



the wagons remain under demurrage till the arrival of such cranes. As regards the present rating for live stock and animals transportation is concerned and the conditions applying thereto are concerned, they are adequate.

Q: 21. It is against public policy and against consumers choice to discourage certain traffic either for short distance or long distance whether it is attained by adjustment of rates or total refusal to carry a particular traffic. We have already stated above in reply to previous question that a short distance traffic is at a severe disadvantage at present. Further we have already said that all traffic below 20 miles be treated as short distance traffic. It should be remembered that Railways generally use less serviceable stocks, which are not fit for long journey, on short distance traffic, and thus earn revenue of less serviceable stocks also which would have been lying condemned. We therefore do not agree that the rates for short distance should be enhanced or such traffic for short distance should be refused. In regard to the freight for stations which are also ports in themselves such as traffic to Madras, Cochin or Bombay is concerned, most of the traffic to these places is already moving by coastal steamers. It is only in respect of those stations where the traffic can be carried from these Port stations to inland stations, but again in their case the consumer does not like that his goods should have so many transshipments to reach the destination and the cost of clearance of goods and detention of goods for want of wagons should be heavy. Trader and the Industries both prefer that as far as possible the goods should be despatched in wagons direct to destination without transshipment unless there is a break of gauge. We can only recommend that all traffic of coal to meet the requirement of the railways or Industries as far as South Indian Railway and Central Railway are concerned, the coal traffic should be carried by coastal steamers so that the wagons which are at present engaged in carrying coal to long distant cities which are port in themselves are spared for transport of other traffic. As far as the finished products of Industries situated in Calcutta, Bombay, Madras and Okha are concerned and when they are required to be consigned to Port cities, they are already moving by steamer even at a higher cost because of shortage of wagons.

Q: 22. Generally speaking, the road transport rates, in respect of commodities which are classed above 8th Class at present, are cheaper for short distance upto 75 miles when compared to the railway freight for example, from Mithapur to Okha there is a distance of 7 miles and the current freight on rail on a traffic of Soda Ash in wagon loads is Rs. 3-15-6 and in smalls Rs. 4-15-5 per ton while the maximum lorry transport costs about Rs. 2-0-0 per ton. Road Transport becomes cheaper in comparison with rail transport because the lorry collect goods from godown and delivered to godown at the other end without any incidental expenses such as on transport from godown to railway station and booking expenses and at the other end delivery expenses and transport expenses upto godown. While rail transport means payment of all above incidental expenses in addition to freight plus short distance charge and plus terminal charges. Likewise boat

charge per ton is far cheaper than rail freight when commodities are required to be moved from one river station to another river station which are at a distance of 1 or 2 miles from a railway station. In all such cases also a country boat which carries a load upto 500 mands is far cheaper than the expenses a consignor will have to incur if he is to move the goods to a railway station and then to book it by rail to a destination station.

Q: 23. For distant traffic telescopic rates which become lesser with the distance travelled are already in vogue both for class rates and wagon load scales, and it is against the policy of the carrier to carry any traffic irrespective of distance at one uniform charge. Therefore we do not advocate freight pool.

Q: 24. We do not agree to a uniform pooled freight system.

Q: 25. Does not arise.

Q: 26. We have already suggested the new freight structure to further the economic progress of the country in answer to Q: No. 3 & 10.

Q: 27 & 28. The short distance charge levied by the railways is 6 pies per maund and this charge alone does not make the freight rate on short distance abnormally high because this charge is levied when a traffic is offered for a distance below 75 miles. Requests have been made for grant of station-to-station rates for short distance traffic and such requests have been turned down, for example, Tata Chemicals Ltd., wanted special rate for a short distance traffic from Okha, to Mithapur and from Mithapur to Okha, but it was never granted and all the representations to the Railway Board also were turned down. R.I. Ltd., made representations for station-to-station rate for movement of Sulphuric Acid from Dalmianagar Siding to Calcutta and it was regretted. Also they made representations for grant of station-to-station rate for movement of Groundnut Oil from Madras to Dalmianagar Siding; but upto this time no reply has been received from the railways though more than one year is over. The railways have not given any reasons except a letter of regret expressing their inability to concede to our request.

Q: 29. The revision of the freight structure in 1948 involving the abolition of station-to-station rate has been most unfavourable. In case of cement and paper industry and in case of traffic of sugarcane the consequent incidence has been very heavy. Statement marked 'B' shows the commodity for which the station-to-station rate existed and the freight amount which was required to be paid before 1948, as well as the present freight required to be paid for such stations is enclosed herewith. This statement will clearly show that the trade had to pay a higher freight and this resulted in the payment of the higher rate by the consumer.

Q: 30. Station-to-station rate should be granted as a method of keeping flexibility under freight structure and to help any handicapped industry or trade.

Q: 31. No doubt different characteristics and nature of commodities are important basis on which carriers base their freight structure for transport of different commo-



dities and also not less important is the cost of service principle, but when both these principles are fully satisfied the following principles are of utmost importance to be taken into consideration when any freight rate structure is built:—

(i) Our country's agricultural economy 90% population of which is engaged in agriculture and to provide such a vast population of the country with full employment during the whole year, the development of Cottage and small scale industries is needed.

(ii) The Industrial development of the country on large scale so that the country becomes self-sufficient in a short time by enabling them to get at Site heavy machineries and equipments, mechanical and electrical at cheaper freight and then to get raw materials and auxiliary materials at the lowest cost and to market their finished products throughout the country at a cheap price to the consumer and to create export markets in foreign countries.

(iii) The development of our natural resources such as forests, mines, river and sea products and in unexplored area by moving needed equipments at lowest freight rates and enabling them to market their produce at reasonably lower costs.

(iv) All commodities which constitute minimum requirements of a man relating to his proper living, health and education be made available to him at the lowest cost.

(v) All commodities which in economic term called luxuries or intoxicants which can bear high freight should be put at the maximum rate so that the people may make use of the same as little as possible and keep their belts tight.

On the basis of the above principles the freight structure which we have recommended in answer to Q: 10 is based on the end use of a commodity and the national development for the attainment of socialistic pattern of society.

Q: 32. The railway freight structure is one of the important factors that can help in the development of present or future industries and the freight structure should not make distinction either for interests or for particular industries because the railways as carriers have to treat all industries whether new or old or coming under public sector or private sector on the basis of equality and only its freight structure is to differ in respect of different kinds of industries only on the basis of transportation characteristics of the commodities it carries.

Q: 33. In reply to Question No. 32, we have already pointed out that the freight structure of a National Railway system can not be based on preferential treatment basis and the freight structure suggested by us in reply to Question No. 10 takes into full account the development of new industries as well as the carting of the needs of the existing industries.

Q: 34. The new lines will be constructed in underdeveloped areas, the capital cost of the same should be arranged by way of loans and the maintenance charge and the depreciation and interest thereon should be equalised with the general operating and main-

tenance expenses of the existing lines and on the basis of the same the minimum rate and the maximum rate should be fixed between which the freight structure should carry traffic of different kinds. The present maximum and minimum rates which are in vogue have already been increased when compared to the minimum and maximum fixed before 1948 and if necessary they can further be increased by 10%.

Q: 35. The aim of the railways should be to provide sufficient rolling stock and lay new lines and to create a freight structure in such a way that would bring the stock into constant use avoiding both an under supply and over supply of wagons and to attain the National economic development of the country. This should be the first aim rather than looking only to the capital cost or operating expenses. Therefore the principle of rating must ensure that no more than necessary revenue is taken for the total traffic carried as a whole, and that among different items of traffic the rates for raw materials and auxiliary materials for industries and the rates for transport of agricultural produce, horticultural produce and forest produce and mineral wealth are fixed at the lowest and impetus rates are given for the creation of export markets. Further, the rates are properly related to each other and the principle of competition among trade is not violated and the rates remain a stable factor for a long time.

Q: 36. At present under the financial convention for separation of railway finance from general finance, items met from the revenues by railways are:—(a) Ordinary working expenses, (b) Depreciation reserve funds, (c) Dividend to general revenues, (d) Development fund (e) Revenue reserve fund.

Under the convention as revised and incorporated in the 1955-56 budget the cost of the quarters for class 3 staff charged hitherto to capital is to be borne by the development fund. Expenditure on amenities for railways use previously met from capital or revenue accounts is also hereafter to be from the development fund. In new railway lines which the Railway may lay under the Second Five Year Plan they should adopt procedure of meeting requirement of extra capital by floating loans to raise necessary finance.

Q: 37. Our recommended freight structure will look after the developmental aspect of the economy in general.

We have taken this view fully when we have given the classification on the basis of use of the commodities and have made suggestion for the wagon load scale rates and class rates. No help should be given by the railways in lessening condition towards packing. Because packing is a condition on which depends safe carriage of the goods and less liability for pilferage in transit.

Q: 38. In accordance with the normal principle which the Railways follow, the freight on raw materials is taken into the cost of production, but the ceiling of prices for finished goods done by Government do not take into full account the freight for different distances. It takes only the freight for a certain distance into consideration.

which does not justify the ceiling prices for very distant places.

Q: 39. Freight structure of any national railway is based on the principle that the total operating expenses plus pocket expenses are fully met by the general revenues obtained by the transport of different commodities classified under different rates basis. Therefore it will always be that certain commodities are carried at rates below cost of transport and there will be several commodities which are carried at much higher level than the cost of transport. The general average of earning and expense should leave such surplus that it can pay dividend to the general fund and also it can meet its interest charges and depreciation. During the year 1954-55 bulk tonnage of the entire traffic of goods carried by the railways is constituted or on account of the railway materials themselves or on account of defence and Government Stores. Because Railways make no charge on account of these items they feel that their general income in relation to the expenditure incurred by them and when compared with previous year is falling. Therefore answer to Q: 10 we have clearly stated that freight structure should be there for movement of Military, Government store traffic as well as for the railway materials. At least Railways and the Government and Military Dept., will now know at what actual cost goods are coming to them for use, and the Railway Budget will also show how much was the revenue and what were their correct working expenses. So far budgetary position of the railway does not clearly indicate percentage of their entire traffic carried by the railways without charge either on their own account or on account of somebody else. Whenever Railways find that their revenue is dwindling and cost of operation is going up, it surely does not mean that their freight rates are to be increased. It may be due to inefficiency of the railways in obtaining general turn round of wagons or loading wagons with less weight or it may be due to the lesser efficiency of the working of the staff.

Q: 40. In public utility concern more so when it is national concern has to always keep a deficit budget if it has to play its role in development of the country and in providing proper facilities for the development in undeveloped areas and in putting country's economy on stable basis. Post and Telegraph is a public utility department, and every year working of post and telegraphs shows deficit, but the communication department of Government of India never tries to cover the deficit by inflating service charges on different accounts. Likewise when the Railways open new lines capital cost for the same is not to be met from the Development Fund or from the General Revenue, but your rising loans and general revenues have only to bear interest charges on which capital raised and depreciation. When the Railways undertake to lay new lines they will get much more increased traffic and the traffic in these though it will be moving at the lowest of the freight structure still it will be moving above minimum.

The Inter-state Commerce Commission of the U.S.A. have held that the financial needs of the rail roads must be measured with reference to the entire lines and merely showing carriers' financial condition is un-

favourable would be no warrant to raising rates at all. In U.S.A. cost do not fix rates, but fix relation between rates or relations between rate scales. If the railway's rates are merely to bring in reasonable revenue to maintain service and give nominal return on the invested capital, then question of financing further extension of the services current revenue cannot arise. Whatever be the needs of development, amount, apart from the quota which should be met with the current earning at a reasonable freight rate and under efficient conditions of transportation, must come from other sources. It is a dangerous sign to whole economy to seek to finance new projects by inflated mileage rates. The idea of new lines is that they are being opened to develop traffic *i. e.* to say immediately line may not be paying but ultimately it will be paying. To impose higher burden on the traffic which may be forthcoming at the movement will be against the objective.

Q: 41. We have already said in answer to many questions above that freight structure should maintain relativity between one class rate to another class rate and between class rate and wagon load scale, and at the same time it should be flexible to adopt itself to the need of the situation and as far as commodities which are needed for export we have already taken into consideration same in answer to Q: 10. have stated that commodities meant for export when offered for booking to Docks, should be carried at a cheaper rate. The trading community wants that there should be a stability in the freight rate for the export of such commodities. The freight chargeable can be lessened on a representation but it cannot be raised higher because it is on the basis of freight and cost of material and other expenses that the trading community commits themselves for sale in foreign markets.

Q: 42. There has been tremendous increase in the goods traffic during this period. As the figures show traffic increased from 1,22,299.6 hundred tons to 1,31,431.7 hundred tons from the year 1947 to 1954. Commodities have been same. Due to the zonal scheme traffic to and from Hathua station situated on North Eastern Railway is not now routed by the cheapest and shortest route but by longest dearest route. Shortest and cheapest route is *via* Mokamaghat but under zonal scheme traffic in both ways is moving *via* Mundwadi and the industry is unreasonably charged higher freight while railway due to their incapacity to handle general traffic *via* Mokamaghat are routing traffic *via* Mundwadi.

As a matter of fact under the rules laid down by the Railway Board traffic should be carried by shortest and cheapest route, but this is not being observed and the Sugar Industry of S.K.G. Sugar Ltd., Hathua is very much handicapped because of higher freight they have to pay on movement of sugar to following stations *via* Mundwadi instead of Mokamaghat.

Dinapore Re.	0-1 -6	Tatanagar Re.	0-2 -9
Jharia	0-2 -3	Barakar	0-3-11
Mugma	0-4 -2	Sitarampur	0-4 -4
Cuttack	0-2 -2	Raniganj	0-4 -5
Asansol	0-4 -8	Bishnupur	0-2 -9
Patna Ghat	0-2 -7	K. F.	0-2 -9
Bankura	0-2-11		

Likewise this company has got another sugar company at Chanpatia and the traffic though under zonal scheme also is required to move via. Mokamaghat traffic is now being compelled to move via. Mundwadi. There are many other instances like moving of traffic from stations on Eastern Railway to Shalimar on South Eastern Railway. Traffic normally should be routed *via*. Howrah but now it is not done.

Q: 43. Freight rate policy adopted in 1948 influenced putting up of new industrial plants in the places where coal and raw material were available, and not helped in putting up industrial plants in the interior of the country for the wide dispersement of industrial units throughout India. For example choice for putting up three Steel Plants at Durgapur, Rourkella and Bhilai and putting up of Paper Factory and Pulp Factory in C.P. and Soda Ash Plant in Madras near Tuticorin clearly shows that the main consideration was that availability of coal nearby or raw material. While freight structure should have been of the nature that it could easily allow industries to put up these in the interior, there is no Soda Ash Plant in the Northern India as so far as it is found either near Okah or in Sourashtra because raw material is available nearby at cheaper cost though they can get coal there at cheap rate rather than transporting Salt to Bihar for putting up plant in North Bihar. Similar is the consideration for putting up Steel Plants. Coal and Iron ore have been the main consideration for locating situation of these plants. The development of industry has not been satisfactory because during the Five Year Plan only existing industries have been expanded and only Government sponsored few industries have been put up. It is only during the Second Five Year Plan that industrial development on a larger scale is envisaged, and it is time that the freight structure of the national railways should be so based that the industries instead of being clustered at one place are sidely dispersed throughout the country, so that railways may be in a position to handle and transport in easy position as otherwise if industrial development is done only at one place railways will find it difficult, and shall be confronted with operational difficulties. As regards furtherance of trade is concerned naturally trade is to be carried on whatever may be the freight structure because the ultimate increase burden is borne by the poor consumer. But this is also satisfactory as it cause vicious circle. When the common man has to pay more for his living, he demands more for his wages, which leads to increased cost of not only industries but also every department of the Government itself.

Q: 44. We are connected with Cement, Sugar, Paper, Chemical Vanaspati, Asbestos Cement Product Industries, Jute and Coal, generally prices are quoted on f.o.r. forwarding station but in case of Cement selling prices fixed by the Government of India on f.o.r. destination basis. In case of export of Asbestos Cement Sheets and paper price are quoted on f.o.b. basis which means free on board and this price includes railway freight from Dalmianagar to Docks and Sulphuric Acid is also sold on f.o.r. destination basis. F.O.R. destination prices for Cement, Sulphuric Acid and Asbestos Cement Sheets are given below:—

Cement f.o.r. Destination Rs. 88/12/- per ton. Average freight Rs. 14/8/- per ton 15% Sulphuric Acid Rs. 242/- per ton. Average freight Rs. 99/- per ton 42%. Further following are the commodities which are sold on f.o.r. forwarding station basis.

- (1). Sugar. Average price Rs. 30/- per Maund. Average distance 750 miles.
- (2). Liquid Chlorine Rs. 400/- per ton. Minimum mileage 400 miles.
- (3). Bleaching Powder Rs. 450/- per ton. Average mileage 600 miles
- (4). Hydrochloric Acid Rs. 170/- per ton. Average distance 400 miles.
- (5). Hydrogenated oil Rs. 1,400/- per ton. Average distance 500 miles.
- (6). Asbestos Cement Products Rs. 270/- per ton. Average distance 500 miles.
- (7). Paper Board Rs. 1500/- per ton. Average distance 900 miles.
- (8). Coal Rs. 10/8/- per ton. Average distance 800 miles.
- (9). Gunnies Rs 1,200/- per ton. Average distance 800 miles.

Statements marked C,D,E,F and G are enclosed herewith showing the rate of freight on Cement, Paper Board, Sugar, Bleaching Powder, Alum, Sulphuric Acid, Hydrochloric Acid, Bamboo, Gypsum, Salt and Sulphur which were prevailing pre-war, from 1st October '48 and the rates now prevailing.

Q: 45. Generally speaking the cost price of all chemical manures is between Rs. 280-0-0 per ton to Rs. 400-0-0 per ton and the rate for traffic upto 400 miles is about Rs. 23-10-0 per ton on wagon load scale basis falling under WL/B which means that about 6% is the freight charge on the chemical manures per ton when booked in wagon loads and when it is moved as smalls, the freight per ton comes to about Rs. 30-0-0 per ton which means that the freight element becomes near about 10%. The rate for Diesel oil in bulk is Rs. 1-2-0 a gallon equivalent to 9 lbs. and the freight for 400 miles distance is Re. 0-2-3 pies per gallon which means the freight is about 10% on the cost of the materials and likewise from the above it is clear that the freight is an important factor to determine the cost of production of agriculture crops.

Q: 46. The area of Bihar and Bengal in which most of our industries are situated, we can say that the movement of grains and pulses from Bihar to Bengal on an increased scale will take place and also movement of rice from Bihar, Orissa and Assam to Bengal will take place. Bengal is a deficit province as far as its food crops are concerned and this position has been further aggravated due to draught and increased influx of refugees from East Bengal.

Q: 47. The agriculturist disposes of his product at the farms or at the most he brings the same by his bullock cart to the Mandi or market place and he is able to dispose of this produce. It is the trade which has generally to deal with the transport of agriculture produce by rail and they are already given by us class rate for wagon load traffic at owner's risk even when an agriculturist himself wants to book his produce by rail as smalls under the freight structure recom-

mended by us, he will be able to book his smalls at the wagon load class rates at railway risk subject to a surcharge of 12½%. Even if an agriculturist dispose of his produce through Co-operative Societies or through any marketing board or even when he may be provided of facilities of warehouse by the railways themselves, the charge for such service is to be made to the agriculturist and therefore under our freight structure his goods can always be booked for full wagon load under class rate as Rly. risk, but he is only required to pay a surcharge of 12½% which he would be required otherwise to pay either to the railways for warehouse facilities or to the marketing boards or Co-operative Societies. But we favour the idea that the agriculturist should dispose of his produce to Co-operative bodies and these Co-operative should move the agricultural produce through rails and they can utilise the wagon load scale as well as the train load scale recommended by us. We do not favour at all that the railways should run warehouses for the storage of agricultural produce.

Q: 48. In our area of Bihar and Bengal, there is a big industrial development in the private sector which is envisaged under the Second Five Year Plan period. Chemical Plant, Rayon Plant, Steel Plant, Coal Washing Plant, Cement Plant and Paper Plant and Coal Distillation Plant are going to be put up due to which an additional traffic of more than six million tons of raw materials and finished products will take place.

Q: 49. During the Second Plan period the volume of existing traffic which was travelling on an average of 400 to 500 miles will now be covering longer distance up to 1000 miles as an average.

Q: 50.

<i>Name of materials</i>	<i>Tonnage</i>	<i>Length of movement.</i>
Cement	7,50,000 tons yearly	250 Miles
Coal	5 million tons "	1200 "
Chemicals	50,000 tons "	750 "
Paper and Boards	35,000 tons "	1200 "
Iron and Steel	1 million tons "	1200 "
Miscellaneous	1,00,000 tons "	400-500 Miles

Thrice the quantity of the above tonnage of finished products will be the quantity of the raw materials and auxiliary materials

combined that will be required for the above industries.

Q: 51. In the public sector in our region one big steel plant at Durgapur in West Bengal is envisaged to be put up with an initial capacity of 500,000 tons and also at Sindri it is proposed to increase the capacity of the Fertiliser Plant.

Q: 52. Not in a position to reply at this stage.

Q: 53 & 54. The answer to this question has been given before in answer to many other questions and it would be a repetition if we say that the basic principles to be followed in framing the railway freight structure generally should be the following:-

- Service cost principle.
- End use of the traffic carried.
- Nature of commodities and the characteristics of transportation.
- Volume of traffic.
- Development of cottage and small scale industries and providing Industries with their raw materials and auxiliary materials at the cheapest cost and to carry their products through out the country at the cheapest cost.
- Exportable commodities to be given the cheapest rate for movement to Ports for the creation of export markets so that Indian commodities may well compete in the World market.

Q: 55. The freight structure recommended by us in answer to Q: 3 and 10 fully depicts the relation between wagon loads scale and class rate and between wagon load scales themselves and between the class rate themselves. The relativity between them is fully maintained. We have only to say that the railway risk under which the traffic of smalls is suggested to be carried should be in its full implication that is to say if the consignment is not delivered or is partly delivered or is delivered in damaged condition, the railways should be held fully responsible for the same and the railways can protect their interests by obtaining a general insurance cover from any well established Insurance Company in India. The surcharge of 12½% which is allowed to the railway to be charged covers the insurance premium as well as the extra handling and supervision cost and the loss of wagon space that may occur.

## PART I-B.

### Q: 1. Raw materials

Raw Jute	...	120 mds.
Groundnut and Til Oil combined	...	103 mds.
Bamboo	...	100 tons.
Pulp	...	110 tons.
Timber Logs	...	100 tons.
Limestone, Gypsum and Laterite	...	100 tons.
Sulphur	...	100 tons.
Sugarcane	...	100 tons.
Salt	...	2 tons.

### Finished Products.

Jute goods	...	100 mds. net dry basis.
Vegetable ghee	...	100 mds.
Pulp	...	35 tons a. d. basis
Paper and Board	...	100 tons
Plywood	...	45 tons
Cement	...	70 tons
Sulphuric Acid	...	300 tons
Sugar	...	10 tons
Caustic Soda	...	1 ton
and Chlorine	...	0.9 tons

Q: 2. The Petroleum products are the following:—

Products	Selling price from Principal Companies for Calcutta.	Rate at Asansol	Rate at Dhanbad	Rate at Gaya	Rate at Muzaffarpur
	per gal. of 9 lbs. Rs. a. p.	per gal. of 9 lbs. Rs. a. p.	per gal. of 9 lbs. Rs. a. p.	per gal. of 9 lbs. Rs. a. p.	per gal. of 9 lbs. Rs. a. p.
Petrol	... 2 1 6	2 4 6	2 4 6	2 5 6	2 6 6
Solvent oil	... 1 4 0	1 7 0	1 7 0	1 8 0	1 9 0
Benzene	... ..	3 4 0	...	...	...

Ex. Burnpore

High Speed Diesel oil	1 2 6	1 3 3	1 3 6	1 4 3	1 5 0
Kerosene oil	1 4 0	1 5 0	1 5 0	1 5 6	1 6 6
Low Speed Diesel Oil	1 2 6	1 3 3	1 3 6	1 4 3	1 5 0
Furnace oil	per ton 131 4 0	per ton 160 0 0	per ton 166 0 0	per ton 186 5 0	per ton 204 0 0
Lubricating oils and Industrial high grade	per gal. of 9 lbs. 5 10 0	per gal. of 9 lbs. 5 11 0	per gal. of 9 lbs. 5 12 0	per gal. of 9 lbs. 5 12 3	per gal. of 9 lbs. 5 13 0

Incidence of freight on above Petroleum products is 6½% except on Furnace oil on which the incidence of freight is 25% to 75%.

Q: 3. We are concerned with Bengal and Bihar Regions and therefore the production of principal minerals are as given below:—

Production of certain Minerals							
	1946		1947		1948		
	Quantity	Value	Quantity	Value	Quantity	Value	
Total India							
Bengal & Bihar							
Coal	2,42,87,121	28,62,69,674	2,49,64,522	36,39,28,954	2,44,74,790	35,97,68,964	
Chromite	3,861	11,58,427	31,067	1,48,562	2,035	96,549	
Iron Ore	9,74,005	31,32,489	11,05,767	43,32,231	11,45,034	56,27,870	
Manganese	10,787	4,20,693	18,454	8,48,884	19,112	10,70,272	
	1949		1950		1951		
Coal	2,61,45,605	38,17,14,560	2,64,62,996	36,87,69,828	2,82,33,866	40,20,69,574	
Chromite	2,561	1,46,755	3,291	2,26,055	3,412	2,12,969	
Iron Ore	13,64,878	68,97,037	13,92,684	82,86,635	17,65,697	1,10,78,359	
Manganese	36,376	25,09,944	40,062	38,45,952	48,423	66,82,375	

COMPARATIVE STATEMENT OF FREIGHT RATE BEFORE 1948 & AFTER 1948  
ON WAGON LOAD BASIS.

MATERIALS:	Rate applicable in 1944 in Wagon loads:	Rate applicable after 1948 in wagon loads:				Percentage increase in freight of certain goods in wagon loads between 1944 & latest for 700 miles :					
						Freight in 1944	Latest freight	%			
IRON AND STEEL :											
1. Iron Ore	C/N:OR .333/1/75 miles .200/76/150 miles .170/151/300 miles .125/301/400 miles .100/401/beyond.	WL/C: OR WL/CR:RR	.34/150 miles .41/150 miles	.31/next 150 miles .38/next 150 "	.17/beyond .24/beyond	107.975	214.50	98.6			
2. Billets	C/M:OR .380/1/75 miles .200/76/300 miles .100/301/beyond	W/545 BG Class 2 rate.	.54/300 miles	.49 next 300 "	.45 beyond	113.500	362.00 .59/300 miles .49/300 miles .38 beyond	218.9			
3. Blooms	C/M:OR .380/1/75 miles .200/76/300 miles .100/301 beyond	W/545 Class 2 rate.	.54/300 miles	.49 next 300 "	.45 beyond	113.500	362.00 .59/300 miles .49/300 miles .38 beyond	218.9			
4. Iron Scrap	C/M:OR .380/1/75 miles .200/76/300 miles .100/301 beyond	WL/C:OR WL/CR:RR	.34/150 miles .41/150 miles	.31 next 150 " .38 next 150 "	.17 beyond .24 beyond	113.500	214.50	88.9			
CEMENT INDUSTRY :											
1. LIME STONE	C/R:OR:CC .140/1/150 miles	WL/CR:RR	.41/150 miles	.38 next 150 "	.24 beyond	76.000	214.50	182.2			
2. Moorum	.110/151 beyond	WL/C:OR	.34/150 miles	.31 next 150 "	.17 beyond						
3. Gypsum	2	7	.78/300 miles	.73 next 300 "	.68 beyond					81.9	
4. Gunnies	.42										
5. Fire Bricks	CN/OR .333/1/75 miles .200/76/150 miles .170/151/300 miles .125/301/400 miles .100 beyond.	WL/F	.43/300 miles	.32 next 300 "	.21 beyond	107.975	246.00 .86/300 miles .73/300 miles .58/beyond	127.8			
6. Cement	C/M:OR W/500 .38/1/75 miles .20/76/300 miles .10/301 beyond	WL/E	.43/150 miles	.32 next 150 "	.17 beyond	113.500	207.00	82.3			
7. Grinding Bails											



## COMPARATIVE STATEMENT OF FREIGHT RATE BEFORE 1948 &amp; AFTER 1948 ON WAGON LOAD BASIS—(Contd.)

MATERIALS:	Rate applicable in 1944 in Wagon loads:	Rate applicable after 1948 in wagon loads:	Percentage increase in freight of certain goods in wagon loads between 1944 and latest for 700 miles:				
			Freight in 1944	Latest freight	% increase		
TEXTILE:							
Piecegoods, Cotton, Wollen or Artificial silk with or without common metal. Press packed in bales or boxes.	4 01/4A RR/4B	.62 .67 .72 Scheduled RR/4A and OR/4	RR/10 OR/9	.97/300 miles .90/300 miles	.90 next 300 miles .84 next 300 "	.84 beyond .78 beyond	31.3
				RR { OR {	{ {	{ {	
Piece goods, Cotton.	OR/6	.83	RR/13	1.18/300 miles	1.11 next 300 miles	1.04 beyond	30.1
Woolen or Artificial Silk with or without common metal not press packed in bales or boxes.	RR/6A	.89	OR/12	1.11/300 "	1.04 next 300 "	.97 "	
				RR { OR {	{ {	{ {	
Piece goods, Silk	RR/9	1.26	RR/15	2.32/300 "	1.41 next 300 "	1.00 "	39.1
Yarns as piece goods shown above. Cotton Raw full pressed	RR/4	.62	RR/8	.84/300 "	.78 next 300 "	.73 "	31.8
Cotton Raw half pressed	RR/6	.83	RR/12	1.11/300 "	1.04 next 300 "	.97 "	30.8
Cotton Raw loose	RR/8	1.04	RR/14	1.41/300 "	1.18 next 300 "	1.11 "	25.4
JUTE INDUSTRY:							
Raw Jute pressed	CL/OR: W/200	.380/1/100 miles .220/10/300 miles .130/301/600 miles .110 beyond.	7 Class	.78/300 "	.73 next 300 "	.68 "	305.3
Raw Jute unpressed bales	CL/OR/ W/200	—do—	8 Class	.84/300 "	.78 next 300 "	.73 "	333.3

Gunnies and Hessian	2/RR	.42	7 Class	.78/300	„	.73/next 300	„	.68/	„	294.000	535.00 .86/300 miles .73/300 „ .58/beyond	81.9
Hoop Iron	2/RR	.42	4 Class	.63/300	„	.58/next 300	„	.54/	„	294.000	427.00 .69/300 miles .58/300 „ .46/beyond.	45.2
PAPER INDUSTRY:												
1. Bamboo Cuts and Splits	C/R	.140/75 miles .140/76/100 miles .140/101/150 miles .110/beyond.	WL/CR: W/300	.41/150	„	.38/next 150	„	.24/	„	81.500	214.50	163.1
2. Pulp & Pulp Sheets	I	.38	Class 2	.54/300	„	.49/next 300	„	.45/	„	266.000	362.00 .59/300 miles .49/300 „ .38/beyond.	36.1
3. Salai Logs	CN/OR	.333/1/75 miles .200/76/150 miles .170/151/300 miles .125/301/400 miles .100/401/beyond	WL/C: OR WL/CR: RR L/W 350	.34/150 miles .41/150 „	„	.31/next 150 miles .38/next 150 „	„	.17/beyond .24/	beyond	107.975	214.50	98.6
4. China Clay	CS/N	.333/1/75 miles .200/76/150 miles .170/151/300 miles .125/301/400 miles .100/401/beyond	WL/CR: RR WL/C: OR	.41/150 „ .34/150 „	„	.38/next 150 „ .31/next 150 „	„	.24/beyond .17/	beyond	107.975	214.50	98.6
5. Caustic Soda	C/L	.380/1/100 miles .220/101/300 miles .130/300/600 miles .110/beyond/600 miles	WL/B	.48/100	„	.38/next 300	„	.23/	beyond	132.000	213.00	61.4
6. Paper and Pulp Board	C/L/ORW 400L	.380/ 1/150 miles .333/151/250 miles .200/251/500 miles .130/501/700 miles .100/700/above miles	Class 3 RR	.58/300	„	.54/next 300	„	.49/	beyond	166.300	396.00 .64/300 miles .54/300 „ .42/beyond.	138.1
CHEMICAL INDUSTRY:												
1. Bauxite	C/N: OR CC	.333/ 1/ 75 miles .200/ 76/150 miles .170/151/300 miles .125/301/400 miles .100/401/beyond.	WL/C OR WL/CR RE	.34/150 .41/150	„	.31/next 150 .38/next 150	„	.17/beyond .24/	beyond	107.975	214.50	98.6
2. Sodium Sulphite	C/L	.380/1/100 miles .100/beyond/300 miles .200/101/300 miles	class 4	.63/300	„	.58/next 300	„	.54/	beyond	118.000	427.00 .69/300 miles .58/300 „ .46/beyond	260.0

COMPARATIVE STATEMENT OF FREIGHT RATE BEFORE 1948 & AFTER 1948 ON WAGON LOAD BASIS—(Contd.)

MATERIALS :	Rate applicable in 1944 in Wagon loads :	Rate applicable after 1948 in wagon loads :	Percentage increase in freight of certain goods in wagon loads between 1944 and latest for 700 miles :			
			Freight in 1944	Latest freight	% increase	
CHEMICAL INDUSTRY (contd.)						
3. Sulphuric Acid	W/300 .62	RR/14 1.41/300 miles	434,000	913.00		110.4
	Class rate 4	OR/12 1.11/300 "		RR { 1.55/300 miles 1.18/300 "		
				.94/beyond		
				OR { 1.22/300 miles 1.04/300 "		
				.82/beyond		
4. Sulphur	CR : CJ .380/1/150 miles 400 Mds. .250/151/250 miles .200/251/500 miles .130/501/700 miles .100/beyond.	WL/H .48/300 "	158,000	272.00		72.2
				.23/beyond		
5. Bleaching powder	2 A/RR .46	RR/4 .63/300 "	322,000	427.00		32.6
	2/OR .42	OR/3 .58/300 "		RR { .69/300 miles .58/300 "		
				.46/beyond		
				OR { .64/300 miles .54/300 "		
				.42/beyond		
6. Hydrochloric Acid	9/RR 1.25	RR/15 2.11/300 miles	875,000	1219.00		45.0
				2.32/300 miles		
				1.41/300 miles		
				1.00/beyond.		
7. Alumino Ferric	C/J : OR : .380/1/150 miles W/400 .333/151/250 miles .200/251/500 miles .130/501/700 miles .100/701/beyond.	RR/4 .63/300 miles	166,300	427.00		157.2
				.69/300 miles		
				.58/300 miles		
				.46/beyond.		
SUGAR INDUSTRY :						
1. Sugar Cane	CR : .14/1 to 150 miles .10/151/beyond.	RR/2 .54/300 miles	76.00	362.00		376.3
				.59/300 miles		
				.49/300 miles		
				.38/beyond.		
2. Gunnies	2/RR .42	RR/7 .78/300 miles	294,000	535.00		81.9
				.86/300 miles		
				.73/300 miles		

3. Sugar	C/500 C/J-D250/ OR/C500	.380/1/150 miles .333/151/250 miles .200/251/500 miles .130/501 beyond.	Class 3 RR/W500	.58/300 miles	.54 next 300 "	.49 beyond	166,300	396.00 .64/300 miles .54/300 miles .42/beyond.	138.5
----------	-------------------------------	--	--------------------	---------------	----------------	------------	---------	---	-------

162

4. Molasses	OR/CN:CC Tank wagon OR:400 mds Tins CKS & Drums.	.333/1/75 miles .200/76/150 miles .170/151/300 miles .125/301/400 miles .100 beyond.	WL/CR:RR WL/C: OR	.41/150 miles .34/150 miles	.38 next 150 " .31 next 150 "	.21 beyond .17 beyond	107,975	214.50	98.6
-------------	--	--	----------------------	--------------------------------	----------------------------------	--------------------------	---------	--------	------

## VEGETABLE GHEE INDUSTRY :

1. Groundnut Oil	2A/RR 2/OR Through booking equal to 1st class	.46 .42	RR/4 OR/3	.63/300 miles .68/300 miles	.58 next 300 " .54 next 300 "	.54 beyond .49 beyond	322,000	427.00 {.69/300 miles .68/300 miles .46/beyond. RR {.64/300 miles .54/300 miles .42/beyond. OR	32.6
2. Tinned Ware Includes Stampings and containers made from tinplate and Black plate.	4A/RR Class rate equal to 1st class. 4 OR	.38	RR/9 OR/8	.90/300 miles	.84 next 300 "	.78 beyond	266,000	615.00 {.99/300 miles .84/300 miles .66/beyond. RR {.92/300 miles .78/300 miles .62/beyond. OR	145.0

3. Vegetable Ghee (Hydrogenated oil)	4E/RR 4/OR	.72 .62	RR/10 OR/8	.97/300 miles .84/300 miles	.90 next 300 " .78 next 300 "	.84 beyond .73 beyond	504,000	427.00 {1.07/300 miles .90/300 miles .71/beyond. RR {.92/300 miles .78/300 miles .62 beyond. OR	15.3
--------------------------------------	---------------	------------	---------------	--------------------------------	----------------------------------	--------------------------	---------	---	------

## ASBESTOS CEMENT INDUSTRY :

1. Asbestos Crude	RR-2	.42	RR-2	.54/300 miles	.49 next 300 miles	.45 beyond	294,000	396.00 .59/300 miles .49/300 miles .38/beyond	34.6
-------------------	------	-----	------	---------------	--------------------	------------	---------	--	------

## GLASS INDUSTRY :

1. Sand	C/R: RR	.140/1/150 miles .110/151/beyond	WL/CR:RR WL/C: OR	.41/150 " .34/150 "	.38 " .31 "	.24 " .17 "	81,500	214.50	163.1
2. Silicate of Soda	CI: OR: W-400/L	.380/1/100 miles .130/301/600 miles .220/101/300 miles .110/601/beyond	WL/B: RR	.48/100 "	.32 " 300 "	.23 " "	132,000	213.00	61.4

## DISTILLERY INDUSTRY :

1. Industrial Alcohol	II Class W/270	.42	Class 10 RR Class 8 OR	.97/300 "	.90 " 300 "	.84 " "	294,000	662.00 {.92/300 miles .78/300 " .62/beyond RR {1.07/300 miles .90/300 miles .71/beyond	125.0
-----------------------	-------------------	-----	---------------------------	-----------	----------------	------------	---------	---	-------

## COMPARATIVE STATEMENT OF FREIGHT RATE BEFORE 1948 &amp; AFTER 1948—(Concl'd.)

MATERIALS	Rate applicable in 1944 in Wagon loads:		Rate applicable after 1948 in wagon loads:				Percentage increase in freight of certain goods in wagon loads between 1944 and latest for 700 miles:		
							Freight in 1944	Latest freight	% increase
<b>ENGINEERING INDUSTRY:</b>									
1. Pig Iron	OR: CN	333/1/75 miles 200/76/150 miles 125/301/400 miles 170/151/300 miles 100/401/700 miles	WL/CR: RR WL/C: OR	41/150 miles 34/150 "	38 next 150 miles 31 " 150 "	24 beyond 17 "	107.975	214.50	98.6
2. Brass Scrap	2/RR	.42	3/RR	.58/300 "	.54 "	.49 "	294.000	396.00	34.6
3. Gun Metal Scrap	2/RR	.42	3/RR	.58/300 "	.54 "	.49 "	...	.64/300 miles. .54/300 miles .42/beyond	
4 Casting NOC (Iron & Steel)	2A/RR	.46	W/545 Class 4	.63/300 "	.58 "	.54 "	322.000	463.00	43.8
								.69/300 miles .58/300 miles .46/beyond	
<b>ABRASIVE INDUSTRY:</b>									
1. Emery Powder	RR/4	.62	RR/8	.84/300 "	.78 "	.73 "	434.000	572.00	31.7
								.92/300 miles .78/300 miles .62/beyond	
<b>CANE BASKET INDUSTRY:</b>									
1. Cane	1/200 Class 2/OR 2A/RR	.42 .46	RR/8	.84/300 "	.78 "	.73 "	322.000	572.00	77.6
								.92/300 miles .78/300 miles .62/beyond	
2. Cane Basket	RR/4	.62	RR/9	.90/300 "	.84 "	.78 "	434.000	572.00	31.7
								.99/300 miles .84/300 miles .78/beyond	
<b>BIDDY INDUSTRY:</b>									
1. Biddy leaves	OR: W/12 CL Class 4	.62	RR/9	.90/300 "	.84 "	.78 "	434.000	615.00	41.7
2. Biddies	RR/4A OR/4	.67 C/160 .62 C/400	RR/12	1.11/300 "	1.04 "	.97 "	469.000	760.00 1.22/300 miles 1.04/300 miles .82/beyond	62.0

## "A"

Different classifications for commodities having the same condition and Transport characteristics.

Commodity	Packing condition	Class rate	
		R/R	O/R
Acetate of Lead ...	P/24C	4	—
Acetate of Lead solution ...	P/24C	4	3
Acid Calcium Phosphate ...	"	9	8
Acid Citric ...	"	14	—
Acid Lactic ...	"	10	—
Acid Stearic ...	"	8	—
Acid Tannic ...	"	14	—
Mythilated spirit ...	P.d	10	8
Absolute Alcohol ...	P.d	15	—
Spirits, Wine and Cordials, Liquors not in bottles or Jars	P/24	12	10
Spirit Varnish ...	P.d	10	8
Insecticides Fluid inflammable having a flashing point below 76°F ...	d	5	3
Paints polishes, Cements, Composition and other articles partly composed of naptha or other highly inflammable liquids having a flash point below 76°F ...	d	15	—
Insecticides fluid inflammable having a flashing point at or above 76°F but below 200°F ...	d	5	3
Paints partly composed of naptha or other inflammable liquids having a flash point at or above 76°F but below 95°F ...	d	15	14
Non-ferrous metals, such as Brass, Copper, Zinc, lead ingots, Kansa, Gun Metal ...	—	4	—
Non-ferrous metals such as Brass, Copper, Zinc and lead sheets, Rods, Kansa and Gun Metal, and Circles...	—	5	—
Bronze (non-ferrous) Ingot ...	—	8	—
Bronze (non-ferrous) Seeds, Rods and Circles ...	—	9	—
Brass, Copper, Zinc, Lead, Gun Metal, Kansa, Pipes, Tubes and Wire ...	—	9	8
Bronze Wire ...	—	13	12
Hard drawn Copper Wire ...	—	7	5
Fuse Wire (made of lead) ...	—	11	9
Insulated Copper Winding Wires ...	—	11	9
Cables ...	—	11	9
Caustic Soda Liquid ...	d	4	3
Sulphuric Acid ...	d	14	12
Hydrochloric Acid ...	d	15	—
Liquified or compressed Chlorine ...	d	14	13
Oxygen Gas compressed ...	d	14	12
Power operated agricultural implements and machines N.O.C. includes: Chaff cutters, Decorticating machines, Harrows, Ploughs, Sugar Cane Crushers, Sugar Cane Mills, Winnowers ...	P/20F	5	3
Tractors, Bulldozers etc. ...	S/3	5	3
Motor Tractor parts N.O.C. ...	P/20F	13	—
Machinery other than electrical ...	P/20F	6	4
Agricultural implements and machines worked by hand or animal includes: Persion wheels, Pick Axes, Powrahs, Water boring plant, Water lifters ...	P/20F	4	2
Pans, Axes, Axles, Shovels, Spades, Wheels for wells ...	—	4	—
Buckets ...	—	5	—
Drums or Barrels made of iron ...	—	2	—
Refrigerators ...	P/22	14	12
Electrical appliances Division C ...	—	7	5



Statement showing schedule rates and special station to station rates on Paper and Board in vogue prior to 1948 and Telescopic class rate introduced in 1948 and in 1955.

Station from	Station to	Mileage	Prior to 1948 CJ/OR Schedule	Special station to station rate in force before 1948	Mileage	From 1st Oct. 1948 Class 3 per md.	Present from Class 3 rate 1st April 1955 per md.
			Rs. a. p.	Rs. a. p.		Rs. a. p.	Rs. a. p.
Dehri-on-Sone ...	Chandisthan ...	167	0 5 11	0 5 4	167	0 9 3	0 10 1
	Howrah ...	345	0 9 11	0 7 1	338	1 1 9	1 3 3
	Delhi ...	558	0 13 0	0 9 0	558	1 11 6	1 13 0
	Kanpur ...	287	0 8 10	0 8 0	287	0 15 3	1 0 7
	Belanganj ...	446	0 11 5	0 9 0	446	1 6 5	1 7 11
	Saharanpur ...	594	0 13 5	0 10 0	594	1 13 1	1 14 7
	Ujjain ...	695	1 7 0	1 3 7	696	2 1 4	2 2 3
	Bombay ...	1004	1 10 7	1 0 4	1005	2 13 11	2 13 1
	Poona ...	1038	2 4 8	1 6 6	1038	2 15 3	2 14 2
	Ahmedabad ...	960	2 2 0	1 10 1	960	2 12 1	2 11 6
	Madras & via ...	1110	1 15 1	1 1 9	1269	3 8 8	3 6 3
	Bangalore ...	1447	3 3 1	...	1447	4 0 0	3 12 6
	Calicut ...	1640	3 1 3	1 13 0	1640	4 1 4	3 14 4
	Ernakulam ...	1651	3 1 8	1 13 1	1693	4 1 4	3 14 4
	Mushirabad ...	972	2 6 6	...	973	3 0 3	2 15 7
	Tellicherry ...	1682	3 2 9	1 13 4	1682	4 1 7	3 14 7
	Cannanore ...	1695	3 3 2	1 13 5	1695	4 1 4	3 14 4
	Mangalore ...	1777	3 6 1	1 13 10	1777	4 1 4	3 14 4

Note :—After the introduction of telescopic class 3 rate RR the schedule rates OR and special station to station rates were all abolished.

Statement of station to station rate on Sugar Cane in vogue prior to 1948 and telescopic class rate introduced in 1948.

Station from	Station to	Mileage	Before 1948 per md	1st Oct. 1948 per md
			Rs. a. p.	Rs. a. p.
Sasaram ...	Dehri-on-Sone ...	12	0 1 0	0 2 5
Murangabad Road ...	-do- ...	16	0 1 0	0 2 5
Kudra ...	-do- ...	27	0 1 3	0 2 9
Pusauli ...	-do- ...	33	0 1 3	0 3 0